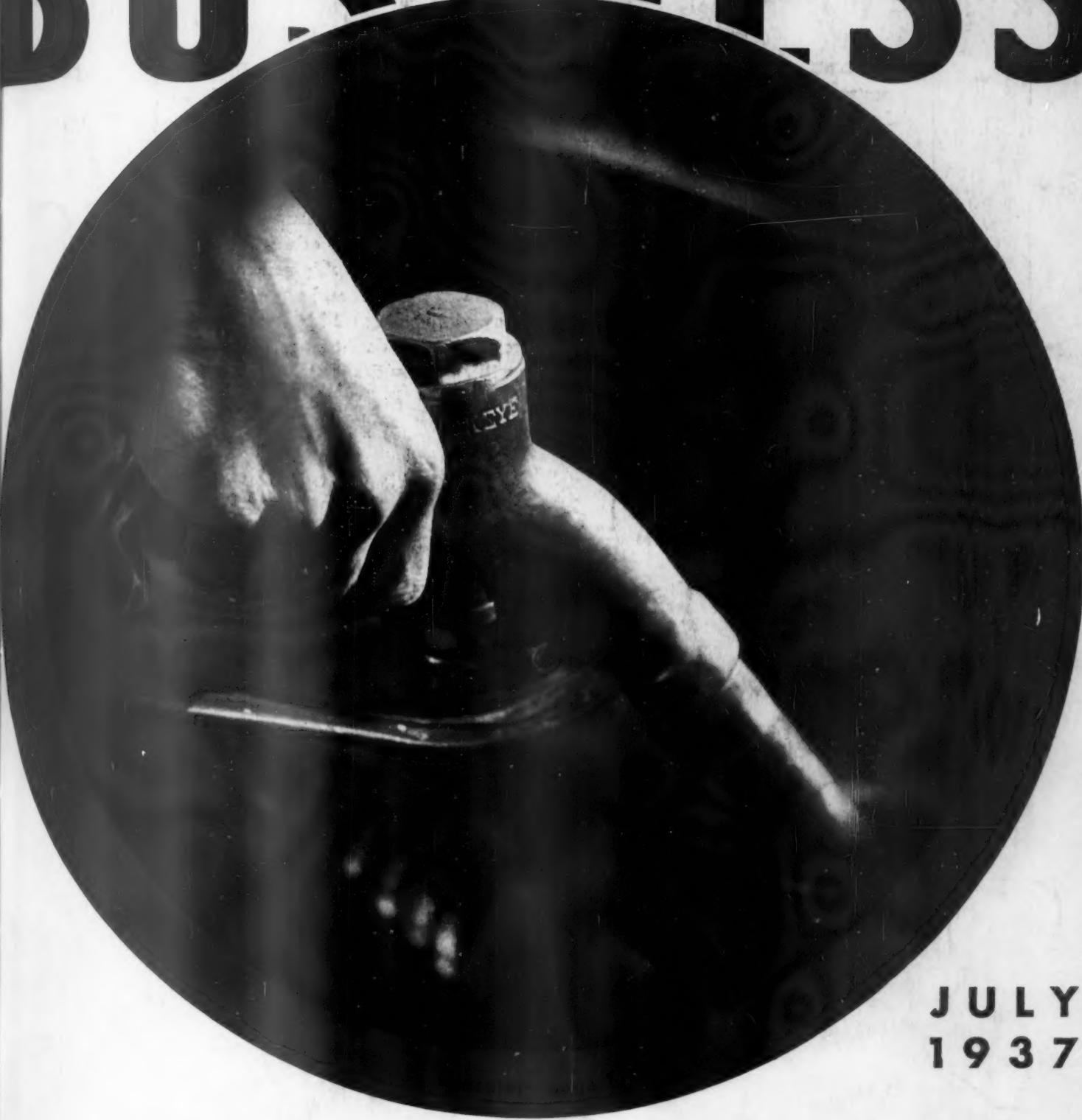


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JUN 28 1937

# NATION'S BUSINESS



JULY  
1937

An Interview with Justice Van Devanter • Two of the "Selfless Six"

by Felix Belair, Jr. • A Safe and Sane Fourth by E. V. Babbitt

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## QUESTIONS our readers are asking:

- 1 • IS the power of the Supreme Court to declare legislation unconstitutional assumed, or is it directed by the Constitution? . . . ANSWER ON PAGE 17
- 2 • IS the investment trust we are hearing about today any different from those we heard about in the 'Twenties? . . . . . ON PAGE 19
- 3 • I WONDER if kids still like to shoot firecrackers the way we did when we were boys? . . . . . ON PAGE 22
- 4 • EVERY now and then you hear something about two men named Corcoran and Cohen. Who are they and what do they do in Washington? . . . . . ON PAGE 25
- 5 • EMPLOYEES are getting good pay and working shorter hours than they ever did. What else do they want? . . . . . ON PAGE 27
- 6 • IS THERE anything morally wrong about saving a little money and acquiring property? . . . . . ON PAGE 29
- 7 • I WONDER if there is as much interest in baseball as there used to be, or does everybody play golf now? ON PAGE 32
- 8 • I SEE my Congressman has introduced another bill. Do you suppose it has any chance of passing? . . . . . ON PAGE 35
- 9 • EVERYBODY talks about the need for higher wages but what good will it do if prices are raised, too? . . . . . ON PAGE 44
- 10 • IS it fair, after Congress passes a bill for the Court to "overturn" it by a single vote? . . . . . ON PAGE 96

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**NATION'S BUSINESS • CHAMBER OF COMMERCE OF THE UNITED STATES**

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## Headaches without fireworks

SHORTLY, on July fourth, orators on a thousand platforms will re-read the immortal Declaration of Independence. . . .

He has erected a multitude of New Offices, and sent hither swarms of Officers to harass our people and eat out their substance.

The orator would do well to pause at this point and cough slightly behind his hand, for only three days before, July 1, to be exact, an army of tax checkers will have been sent out from Washington to verify the millions of returns, received before the March 15 deadline.

Complete audit is expected to require several months. Returns which show a net income of more than \$5,000 are forwarded to Washington. Returns under that amount are kept by field agents. After running the gauntlet of headquarters staff, individual returns of more than \$25,000 are sent to local agents for verification at the source. Tax sleuthing becomes a profession, and the inquisitor is likely to find sermons in deductions. Nor is there assurance of official forgiveness, when the taxpayer gets tangled in such barbed-wire as this:

### 23. Computation of Tax.

Surtax.—The surtax on any amount of surtax net income not shown in the table below is computed by adding to the surtax for the largest amount shown which is less than the income, the surtax upon the excess over that amount at the rate indicated in the table.

If he survives that textual ordeal physically as well as fiscally, he can pick up the orator at this point:

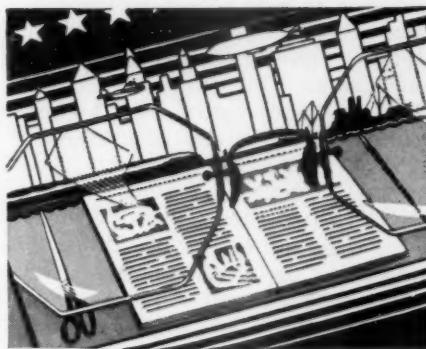
. . . mercenaries to complete the works of death, destruction and tyranny, already have begun with circumstances of cruelty and perfidy scarcely paralleled in the most barbarous ages. . . .

### The spice of trade

"Caraway and cardamon, cassia, cloves and ginger-root, mustard, mace, and paprika—"

NO—not a quotation from the Oxford Book of English Verse. Merely merchandise we noted on the shelves of our favorite grocery, while waiting for our prosaic order of cheese to be filled. But poetry none the less! Of tiny seeds and minute blossoms grown and gathered in the Indies, in Malabar, Grenada, Morocco, Madagascar, Zanzibar or Muntok—from Bulgaria to Tahiti—dried and packed,

## Through the EDITOR'S SPECS



transported by animals, ships, trucks and grocer-boys, we imported 25,000,000 pounds during January alone. To give our individual breakfast, luncheon, dinner, tea and cocktail tables just that "grain" of difference!

Black pepper, we learned later, outdistanced the other entrants by 7,000,000 pounds. Mustard came in second with 1,616,530. We're not exactly elusively exotic yet as to food-flavors, seemingly. Pepper and mustard—good strong spices with lots of "pep"—that's still America! Until the fountain clerk at the drug store subtly urges us to cassia, cloves and ginger-root for our "ham on," it will continue to be—"mustard, please."

### Voltaire had a name for it

A LITERARY, albeit commercial, friend accuses us of plagiarism. Last month we suggested that business men hear themselves berated so often by the demagogues that they come shamefacedly to believe the charges true. Our friend claims that Voltaire, just two hundred years ago, in 1737, said it first, to wit:

. . . the Nobleman may strut and cry, such a Man am I! A Man of my Rank and Figure! And may look down upon a Trader with sovereign Contempt; whilst the Trader, on the other Side, by thus often hearing his Profession treated so disdainfully, is Fool enough to blush at it.

The same yesterday, today and tomorrow!

### Mainsprings of progress

DEAD ends of progress are seen by every age in moments of pessimism. Example is found in a review of the wonders of applied electricity con-

tributed by Charles W. Appleton, vice president of the General Electric Company. He reminds us that a report of the Census for 1902 on central electric light and power stations asserted that the inventions and improvements of the last ten years have been such as to lead some critics to suggest that in certain lines the limits of possible perfection have already been reached.

Against that judgment stands the accomplishments since 1902, when broadcasting was still in the cat whisker stage and talking pictures were unknown—as were carrier current, vacuum tube control, the mercury turbine, protons, neutrons, deuterons, and transmutation of the elements.

But more important, indeed the most important matter before the American nation, lies in the answer to the question: What are the motivating forces of improvement and change? Judge Appleton says:

The demand for a new form of light and power did not spring from the people. Indeed, progress rarely comes about in that way. The idea of supplying it in the early days was received as a proposition to fly in the stratosphere or establish a summer resort in the Arctic would be today.

Every one knows the language of the skeptic. "It can't be done." "It's too dangerous." "Where is the money coming from?" "Who wants it, anyway?" To do mankind a lasting, large-scale service requires the sustaining vision of the prophet and the ardent persistence of the evangelist. It needs something else, too, something we are in danger of losing, the encouragement of hardy enterprisers and the free capital with which they can take chances. We are allowing political agencies to spend too much of our savings. Will they dare to spend them on lines where "the limits of possible perfection already have been reached?"

### Versatility of the sponge

RECENTLY, on our way to the Congressional Library to hunt up some facts on the great iron and steel industry, we saw a sign, "Sponges, Wholesale" on M Street, and so we wandered off the straight and narrow into the sponge place. Mr. Yadgi, the owner, met us most courteously. After a delightful half-hour we were again on our way, carefully classifying our new information on the sponge industry.

First, sponges lay eggs. The male sponge may not be choosy as to his



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mate, but our wholesaler looks her over to see if she's "wool," "wire," or "grass." The wool sponge he likes best and it sells for \$6 a pound. Rock Island is Grade A and is naturally attached to a rock. If your sponge has a smooth bottom but softish, it probably developed on sand, and wouldn't be socially accepted by one whose indentation and firmer quality prove it to have been pried from a rock. If it is very blond, be careful, it may be chemically bleached—and possibly a case for the Federal Trade Commission.

The sponge industry is a highly classical affair, we learned. Greeks started it ages ago, presumably diving into their rocky sea to provide sponges to pad the helmets of their warriors. Greek merchants brought sponges into the London market early in the nineteenth century, and Greek divers are the chief sponge-fishers today in the Gulf of Mexico and the Caribbean. They have a colony at Tarpon Springs, Fla. Until a few years ago special dispensation was granted by the immigration authorities to Greeks joining the Florida colony, as sponges were necessary to our country and Greeks were indispensable to sponges. But there are now enough workers for the demand, and no special privileges.

Rubber brushes, wipers, bath-sponges have somewhat decreased the demand for the animal sponge, but the constant needs of garages, hotels, drug-stores and the paint industry keep the divers diving. A good market, too, is the package-polish factory—sponge "plugs" accompanying a large number of shoe-dyes, whiteners, polishes and kindred finger-smearers.

Our Mr. Yadgi definitely deplored the epidemic of the 50-cent car wash. "Used to be two dollars. If garage man charges 50 cents and wants to buy my sponges, I say No—unless cash—or awful sure. He has to have soap, brush, polish, cloth, chamois. He can't afford good sponges and make profit at 50 cents. If he goes broke, he cannot pay for my sponges."

Ho-hum! Now for those facts about the steel industry.

#### As goes Cupid . . .

JEWELLERS keep close tab on Cupid.

They know, for instance, that 1936 showed an increase of 8.54 per cent in marriage licenses over 1935—that all but four American cities had more marriages—and they report that "the expanding wedding market now experienced might be called a boom, that grew out of a recovery that followed a panic."

The panic year for marriages was 1932.

1933-35 brought slight gains.

1936 skyrocketed.

California jewellers, however, aren't entirely happy. The state law requiring three days between issuance of the license and the ceremony sent too many weddings across the border into Nevada. They advocate repeal.

#### Truth-seeking dissenters

AT a labor meeting a dissenter gets the floor and addresses the brethren in this fashion:

Boys, don't you think we should examine ourselves and see if we have been in part at fault in the recent disturbances? Maybe we haven't tried very hard to see the employers' side of it. Before we demand more money, shouldn't we consider the long-time effect on our jobs and ask ourselves whether the increase is to come from excess profits or from higher prices to the consumer? If it must come from the consumer, will he pay it without penalizing the industry on which we depend?

Imagination on the wing, you say? Yes, this sort of thing just isn't done at labor meetings. The dissenter would bring down on his head the same wrath vented on "the bosses." But how frequently do you hear its counterpart among employers at business and trade conventions! Therein is a great strength of American industry. Its very lack of unity and accord on the vital questions of the day implies a self-searching, truth-seeking attitude, free from the dogmatism that characterizes the Popular Front.

#### Reductio ad absurdum

MR. FORD'S admonition to the unions in a recent interview started off in a limp with conjurings of a mysterious alliance between labor unions and the "financial interests." It seemed too unnatural a mating to be real. But he swung into a trot later when he asked:

If union leaders think they can manage an automobile factory better than we can, and pay better wages under better working conditions than we can, why don't they build a factory of their own and show us up? They have the capital—they have all the money they need and a lot more. The country is big; they have the men; and think of all the union customers they would have!

With a Lewis-Martin motor car on the market, what an opportunity for the C.I.O. boys to demonstrate their loyalty to a Great Ideal and teach the bosses a lesson in economics!

#### Pyramids of wishfulness

NOTHING, if not specific, are the pay demands of Mexico's oil workers. How well they know their holidays

# What Cast Iron Pipe means to the MERCHANT



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and multiplication tables the items of their demands suggest:

Triple pay for working on a rest day.  
Quintuple pay for working on a rest day that is also a holiday.

Double quintuple pay (ten times normal) for working on a rest day that is a holiday if it rains.

Double that sum (20 times normal) for working on a rest day that is a holiday if it rains and the heat reaches 97 to 104 degrees.

Triple double quintuple pay (30 times normal) for working on a rest day that is a holiday if it rains and the heat exceeds 104 degrees.

Double that sum (60 times normal pay) for working on a rest day that is a holiday if it rains and the heat exceeds 104 degrees and the work is being performed at an altitude above seven meters (23 feet).

"Ridiculous," said the companies, citing their offer of seven and one-half holidays a year with pay. It would be worth knowing whether the workers have been stimulated by reading about the easy way with money north of the border. What appears as compound interest on leisure is perhaps only "the more abundant life" with a Mexican exposure.

### A riddle in tenancy

METICULOUS care characterizes the Government in selecting tenants for its swank residential development near Washington, known officially as "Greenbelt," but designated locally as "Tugwell's Folly."

It consists of 1,000 homes, representing an investment of \$12,000,000, or \$12,000 for each unit. The Government is pledged to choose tenants with incomes between \$1,000 and \$2,000.

Probably the idea is that persons with incomes exceeding \$2,000 should aspire to something less modest than a \$12,000 home. On the other hand, it is regarded as unsound to encourage families with incomes of less than \$1,000 to live in \$12,000 homes, because taxpayers, at some future time, might withdraw the subsidy and the shock of readjustment might bring on a revolution, that is, a political one.

### Handicaps that paid

SPEAKING before the annual luncheon of the Consumers League in New York, Governor Murphy of Michigan declared:

Our youth must be assured of the right to grow up as children should and not as prematurely aged slaves of modern industry.

Was the governor speaking of George Berry, president of the International Pressman's Union, Coordinator of the Coordinators, a Senator from Tennessee, who might have gotten somewhere except for force of

circumstance, which required him to go to work as a pressman apprentice at the age of nine and a half?

Or did he have in mind William Green, president of the American Federation of Labor, who began work early enough to rise to the position of District President of the United Mine Workers of America at 27?

More likely he had in mind the pallid, anaemic, 200-pound John L. Lewis, president of the United Mine Workers of America and head of the C.I.O., who was legislative agent for the miners at 29; or James J. Davis, Secretary of Labor under two presidents, a Senator who was a puddler's assistant in the iron works at Sharon, Pa., at the age of 11 and president of the Loyal Order of Moose at 33.

Where are these prematurely aged children, and what modern industry impresses them into service as slaves?

#### Platforms in advance

AT the time a national monthly devotes several thousand words to Governors Murphy and Earle as Presidential possibilities, the aforesaid Governors come out proposing that states run industries in emergency, Pennsylvania to take over the anthracite fields and Michigan the automobile plants.

#### Educator

WHETHER or not "the modern gas station has done more to teach courtesy than any other agency in the country," its teaching is not limited to manners.

When you ask for "ten gallons of gas" you are actually buying far more than motor fuel. You are buying the right to see new sights, to meet new people, to observe new customs.

Once the historic spot or the beautiful view in the adjoining county or state was a distant treat to be enjoyed rarely, inconveniently and after careful preparation.

Today, with the help of the hand which photographer Harold M. Lambert has pictured on our cover, you may visit the neighboring county or the distant state in casual comfort, forming new friendships, new understandings, broader vision.

"Ten gallons of gas," indeed!  
"Ten gallons of America."

#### Silent partners heard from

LABOR strife came to an "Industrial Utopia," Hershey, Pa. That was surprising enough. More so was the fact that farmers scotched it, riotously ejecting sit-downers. Why? A man who was there tells us:

The farmers were the public. Part of

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THE asphalt may be melting in the streets outside, but there's May Day weather inside this place. Soon smart people by the hundreds will seek it out, and its proprietors will smile happily at mounting receipts. When winter comes and old-fashioned dry heat is making other places stuffy and close, its clean, fresh air will continue to beckon the crowds. "Tailor-

made weather" is good for business, in any season.

Thousands of shops, theaters and dining places have already discovered this. Moreover, year-round comfort for homes and offices is being brought within reach of more and more people each year. We Americans usually get what we want, and when something new and desirable comes along,

thousands get jobs making and selling it.

Like so many other new business-building developments, air conditioning has been helped in its growth by the electrical industry. Westinghouse engineers have made many substantial contributions, and the Westinghouse name on air conditioning equipment is another sign worth looking for.



# Westinghouse

*The name that means everything in electricity*

the public is always a party to any strike, and hurt by it; but the public is away off yonder.

While in Hershey—well, look at the figures on it:

At the time of the riot, fewer than 250 occupied the plant, 2,500 workers were out of jobs; but more than 25,000 persons on farms were involuntary "partners" in this stoppage. The milk for chocolate manufacture came from 5,600 farms, from 40,000 cows, and these hadn't stopped producing.

The "public" affected here was close at hand. There was no indirection about the strike effect; it touched the pocket-book, instantly. Farmers simmered for five days, then exploded.

It was as wrong as any other kind of violence.

But it may have been useful if it crystallizes thinking.

From Kansas, William Allen White reported promptly that lately four out of five farmers who come into the Emporia *Gazette* office are mad about strikes. Especially sit-down strikes. And they are a long way from the strike areas.

Bill says farmers are "property-minded."

Will we be consumer-minded and recall Mr. Lewis and Detroit when we have to pay the inevitable ten and 15 per cent increase for our automobiles?

Probably not, we're not as close to it as the Hershey farmers.

### A system tells the world

IN New York recently Harry Hopkins' pajama strings got tangled, and he didn't sleep well. His suit didn't come back pressed, and he had to borrow a suit. It didn't fit. He threw away his manuscript and ad-libbed at Columbia Teachers College. He said:

Our system demands that we have reservoirs of unemployed knocking at the gates of our factories. That's an economic and historic fact. You've got to give people unemployment relief because you can't eliminate unemployment under our system.

Under "our system," population increased 218 per cent in the half century ending with 1930; and the gainfully employed increased 291 per cent.

Under "our system," machinery moved into factories faster in the first 30 years of this century than ever before, anywhere; but at the machines were 88 per cent more workers, who tripled production, and quadrupled wages income.

Under "our system," all never were employed in factories—or knocking vainly at their gates; but during the above-mentioned, most intensive technological advance period, 20,000,000 new jobs, of all kinds, were created.

Under "our system," it has been estimated that *at least* a productive

activity ten per cent ahead of 1929 is needed to make up for replacements that have been delayed all along the line; not counting the expansion involved in going on from here with new things.

Already there's a shortage of skilled labor. That's an economic and historic fact. And as for the unskilled, try to find some help for odd jobs around your place, at 50 cents an hour.

### Quotable quotes

**SENATOR O'Mahoney**, of Wyoming, to those who say the twenty-seven million votes are a mandate to Congress to surrender individual judgments:

Arbitrary power exists nowhere in a republic, not even in the largest majority. (Quoting the Constitution of the State of Wyoming.)

**CONGRESSMAN Maverick**, of Texas, objecting to immediate consideration of a bill:

Some of these bills come in here that look like they were not even written in the United States, much less in Washington.

**CONGRESSMAN Hull**, speaking to the District of Columbia Committee on the income clause of the proposed tax bill:

If we send this bill into Congress with a provision to tax Congressmen and their secretaries the House of Representatives will send it back to us in fifteen minutes.

### Frogs with sound effects

**REMEMBER** the story we ran about frog-raising by Mr. Haig? Well, Mr. Haig tells us of the various letters our readers wrote him.

One brought about this result as he reported to us:

Representatives of a recording company have arranged to come out and record the "love song of a bullfrog" for radio broadcasting.

So your readers may some evening have opportunity to hear what a frog farm sounds like.

### Variation of the cover charge

**A READER** adds an exclamation point to our discussion last month about "What is a billion?"— He writes:

After Henry Morgenthau, Jr., was handed the job of winding up the Farm Board and consolidating agricultural loan agencies, he confessed that, in order to understand the sums in which he was dealing, he put a hand over three right-hand digits in many rows of figures.

We showed this to one of the newer Treasury officials.

"We're still doing that," he replied, "except that often we have to put the right hand over six digits."

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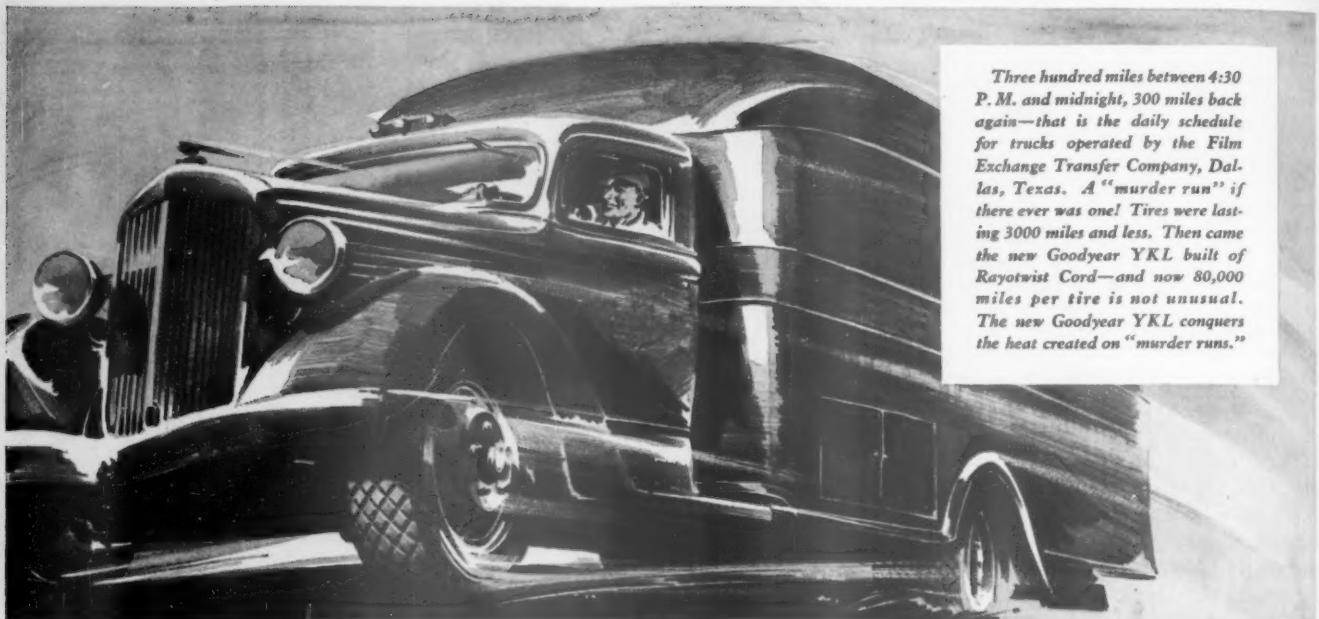
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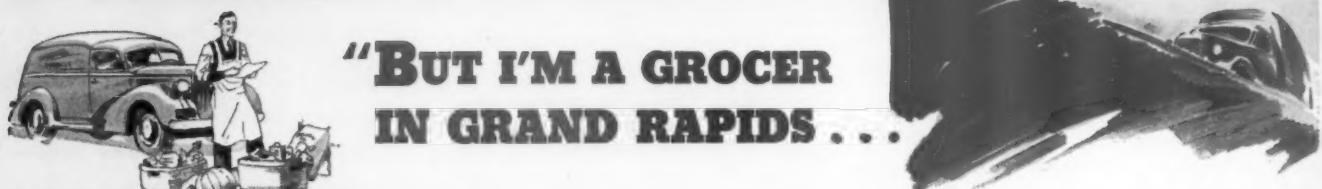
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Three hundred miles between 4:30 P. M. and midnight, 300 miles back again—that is the daily schedule for trucks operated by the Film Exchange Transfer Company, Dallas, Texas. A "murder run" if there ever was one! Tires were lasting 3000 miles and less. Then came the new Goodyear YKL built of Rayotwist Cord—and now 80,000 miles per tire is not unusual. The new Goodyear YKL conquers the heat created on "murder runs."



**"BUT I'M A GROCER  
IN GRAND RAPIDS . . ."**

## **WHY TALK 'MURDER RUNS' TO ME?"**

THAT'S A FAIR enough question.

The chances are 99 to 1 that you never do give your tires the beating they'd get on a "murder run."

In that case, this great new super tire—the Goodyear YKL—is not for you.

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Goodyear engineers spent seven years developing the new YKL because they knew there was an urgent need for a tire which could survive on the "murder runs."

They performed a spectacular service. As a result, operators of highspeed, heavily loaded trucks and busses will save hundreds of thousands of dollars every year.

That, however, is only a part of the picture.

These same Goodyear engineers have also developed another tire just as scientifically fitted to your requirements as the YKL is suited to the "murder runs."

It may be the famous Goodyear All-Weather Balloon.

It may be the Stop-Start, the Sure-Grip, the Pneumatic Lug.

Whichever it is, it will give you more miles of trouble-free service per dollar than any other tire produced.

That is why we say:

**Put Goodyears—the right Goodyears—on ANY job and watch your mileage jump!**

### **CAUTION!**

Goodyear engineers now recommend the new YKL Tire only for the most destructive types of service—those "murder runs" over long distances at sustained high speeds.

In ordinary trucking, its extraordinary capacities cannot be fully utilized—and, frankly, its higher price cannot be justified.

But for operators of trucks and busses on "murder runs," Goodyear recommends the YKL Tire with full confidence in its ability to set new and spectacular performance records—to effect great savings as compared with the cost of conventional tires.

Such operators are invited to write direct to the Goodyear Tire and Rubber Company, Inc., Akron, Ohio, for full particulars.

*The New YKL*  
**BUILT WITH  
RAYOTWIST**



**PROBABLY YOU'VE HEARD THIS ONE . . . . THERE'S A REAL KICK IN A GOODYEAR BATTERY!**



## "Power, Yes, But We Won't Use It!"

IT is the fashion to compare the Black-Connery labor standards bill to the N.R.A. Such comparison is unjust to the old Blue Eagle, for whatever its faults, it did place a certain confidence in business management and did allow it some voice in determining the nature of governmental controls. The proposed legislation goes government the whole hog. It substitutes for the judgment of employers and employees the judgment of five men, responsible only to the President. It is similar to N.R.A. in this: The small business man will be the goat, despite the promises that he "will be taken care of."

The bill's 48 pages of legalistic verbiage conceal what, in effect, brings about an industrial revolution, the swing from written law to law by political appointees. Its counterpart is to be found in the nationalization of wages and hours as in Italy, Germany and Russia.

Proponents reply that it is necessary to have teeth in the law but that "the Board would move slowly and cautiously." Our grammar school definition of freedom was to be free of despotic restraint, and the assurance that the power of tyranny will be used only "cautiously" leaves us cold.

Is this an overstatement? You, who are reading this, answer. You stand, hat in hand, before the government agent. He orders you, prescribing penalties of fine and imprisonment, to pay such and such wages. So far, not so bad, because, you say, we'll all be in the same boat. But not so fast. The gentleman opposite you has the power to make exceptions as between you and the others. Overtime—he may permit it in your case, or forbid it. Ditto, extra shifts or night-work, or varying rates, depending upon circumstances. He may judge your case by the fact that

you live in a city or rural community, in the South or the North, in the East or West, or by your size. When whim or caprice *may* enter into such control, what is it except absolute power arbitrarily administered? And that is what Noah Webster calls tyranny.

From a practical standpoint of even-handed justice, can a government board carry out the mandate of Congress "to determine the reasonable value of the services of all classes of workers?" In the name of common sense can a board define "fair" conditions?

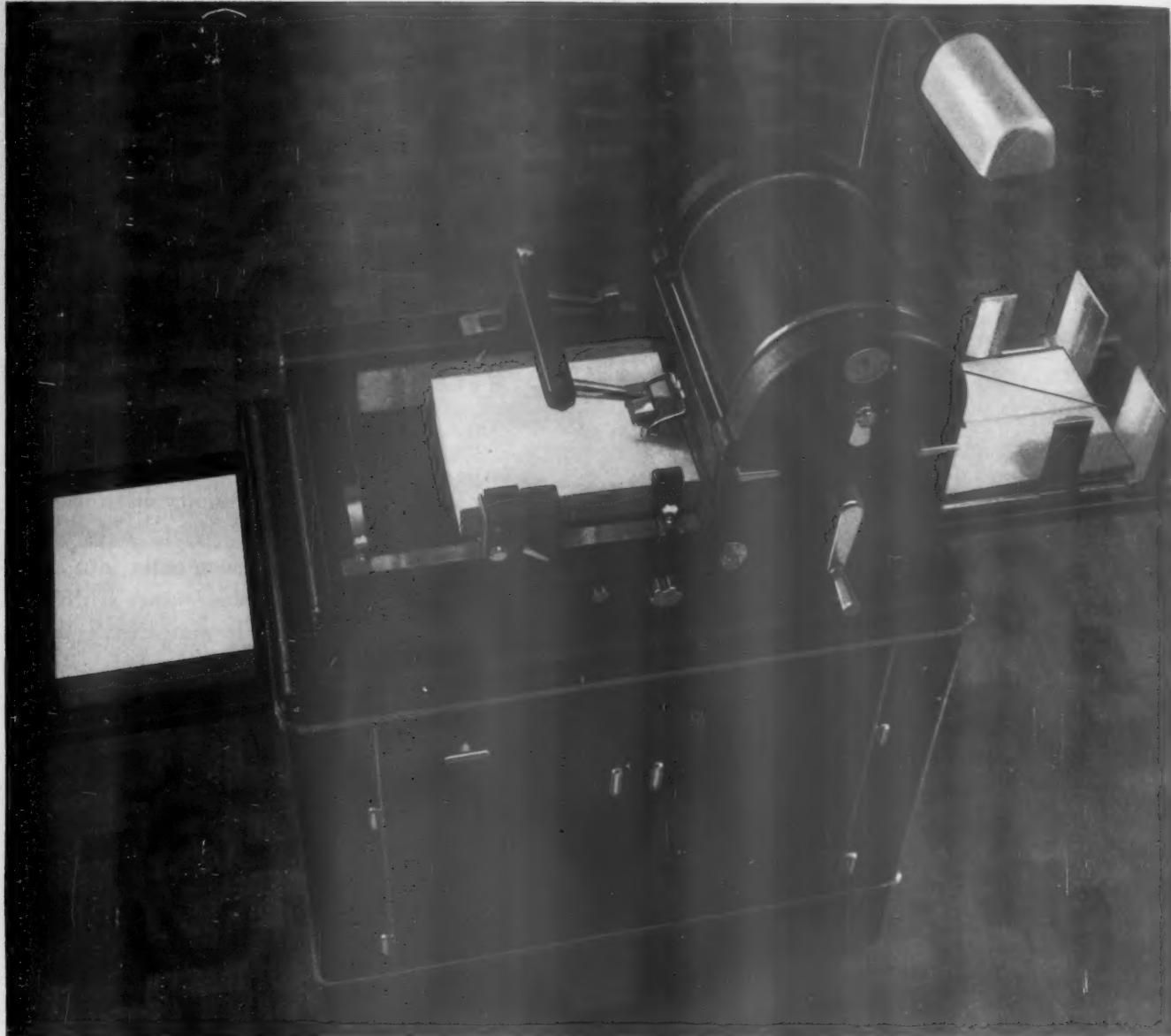
What a tangled web such legislation weaves! The President himself has said that these rudimentary standards will of necessity fall far short of the ideal. Already some of the would-be administrators are sitting around Washington tables discussing such second steps as these:

Higher wages should be fixed for prosperous industries than for those less prosperous. This would lead to a determination of rates of profits and inevitably price-fixing. There should be a special tax on machinery to prevent its installation to offset higher labor costs. Regulations must be drawn to prevent the discharge of the less productive units as, for example, negro labor.

Such sweeping control over the essential operations of obtaining a livelihood would call for, not 7,000 bureaucrats as in N.R.A., but 70,000.

No wonder Gen. Hugh Johnson, who has had some little crack-down experience, cries out that N.R.A. was just a little Red Riding Hood and the Black-Connery Bill the Big Bad Wolf.

*Meredith Thorpe*



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## THE NEW MIMEOGRAPH





HARRIS & EWING

"The Court does not overturn laws. It protects individuals"

## Justice Van Devanter Speaks

By CARLISLE BARGERON

PROBABLY the most unperturbed man in all Washington officialdom during these recent months of the Supreme Court controversy was Justice Willis Van Devanter, now in retirement on his Maryland farm. About him and his conservative colleagues—Justices McReynolds, Sutherland and Butler—beat one of the most insistent attacks ever directed at the tribunal, but if it ever affected his calm, dispassionate philosophy he never revealed it.

There were times when he seemed actually amused at the charges and recriminations, the excitement and turmoil. At other times he showed impatience over some of the inaccuracies being uttered about the history of the Court. But, through it all, he kept to his books, his pipe and his trusted friends.

I once asked him if he thought a change in the Court would mean the

end of constitutional government in this country. He smiled and admonished me "not to worry too much." "The people have been excited before," he added quietly.

I insisted that this was a more serious crisis.

"You can't tell what might happen," he observed finally. "It might be that there would be a revulsion of sentiment and a renewed respect for the judicial system. After all, it is the

people's respect for law that matters, not the fact that the courts are empowered to make decisions. We are either law-abiding people or we aren't."

I sought vainly at this time to get his permission to publish an interview with him, on the ground that it would give the people a fairer picture of the Court. But he was determined to maintain his judicial poise and not be drawn into the conflict. He has

passed that age of the argumentative, impatient youth who is convinced the world will come to an end tomorrow if he doesn't have his way. He has always before him the picture of other dynamic, restless personalities of the American cavalcade. He knows them in retrospect when it is easier to separate the wheat from the chaff. Doubtless he experienced ambitious restlessness himself in earlier years. And he has lived through many serious "crises." He was born just two years before the Civil War, which admittedly was something of a crisis, and in the ensuing years, he has seen a lot of the "most serious crises since."

### Lincoln and the Court

ONE of the most frequently repeated statements in the attack on the Court, in Congress and out, has been that Lincoln flouted it in the celebrated Milligan case in Civil War days. The purpose was to show that the Court is not sacrosanct. Milligan was a pro-slavery man in Indiana and a member of an organization something on the order of the Ku Klux Klan. The military authorities arrested him and a court martial condemned him to death. He appealed to the Supreme Court on the ground that the civilian courts of Indiana were functioning and he had a right to a jury trial.

Justice Van Devanter explained that it was true that Lincoln did insist upon trying Milligan in a military court but the Supreme Court ordered his release.

"And," the Justice continued, "the decision was written by Lincoln's appointee, a man before whom he had practiced in Illinois and who acted as the executor of his estate. So it can hardly be said that Lincoln 'flouted' the Court."

Strangely enough, the opponents of the President's plan also used the Milligan case as part of their argument in the South. They used it to show how the Court saved a Southern sympathizer.

"But it is also contended," I pursued, "that Jackson flouted the Court in the Georgia-Cherokee Indian case."

Chief Justice John Marshall called upon the state of Georgia to appear before the Court and defend its laws dividing up the Indian lands despite a federal treaty with the Indians. Jackson ignored the decision and an Indian named George Tassell, who killed a man while defending his land, was put to death. Subsequently, two New England missionaries refused to obey the Georgia land laws. The Supreme Court upheld them but Jackson did nothing to enforce the decision. This is the case in which the

Court's detractors quote Jackson as having said:

"John Marshall has made his decision, now let him enforce it."

The statement has never been proven authentic.

Justice Van Devanter, pointing out that Jackson's successor did carry out the decree, explained:

The Court has no way of enforcing its decisions. Others who have taken the oath to support the Constitution are charged with doing that.

It sometimes happens that the Court's orders are not enforced. But, on the other hand, many of them are enforced and the degree to which they are enforced is the exact degree of the orderliness of our Government. It is not so important whether people, at a given point, turn to the right or to the left. In European countries people drive on the left. It isn't a question of whether the left or the right is better. But it is important that they all drive on the same side, that there be a rule on the matter. There must be rules so a man can order his affairs accordingly.

I told the Justice that the most serious complaint against the Court is that it has steadily encroached upon the legislative function of Government, that it legislates.

"Of course, it does not legislate," he said quickly.

"Well," I asked, "is the power of the Court assumed—from the time of John Marshall on down—or is it directed by the Constitution?"

At this, the Justice reached for his law books and brought out a copy of the Constitution. I was talking to him in the study of his apartment. Two law books were opened before him. Behind him yellowed tomes stood ten shelves high. On the wall was a picture of Abraham Lincoln. There were also portraits of his conservative colleagues and of the former Chief Justice, William Howard Taft.

Turning to Article six, he asked me to read over his shoulder:

This Constitution and the laws of the United States which shall be made in pursuance thereof and all treaties made, or which shall be made, under the authority of the United States, shall be the Supreme law of the land, and the judges in every state shall be bound thereby, anything in the Constitution or laws of any state to the contrary notwithstanding.

He then guided me to Article three, Section one:

The judicial power of the United States shall be vested in one Supreme Court, and in such inferior courts as Congress may from time to time ordain and establish.

#### Then Section two:

The judicial power shall extend to all cases in law and equity arising under this Constitution, the laws of the United States, and treaties made or which shall be made, under their authority, etc.

"It is said," the Justice told me, "that there was a proposal in the

Constitutional Convention giving the Court power to invalidate acts of Congress and that it was voted down. This is not true. The proposal to which they refer would have authorized the President to call in the Court in an advisory capacity before he could veto an act of Congress. This was rejected for the simple reason that it was desired to have the Court remain impartial in the event the act later came before it.

"John Marshall did not 'assume' any power in his series of great decisions. The Court had invalidated the acts of Congress before that time; if my recollection serves, as early as 1792. There had been no question of the Court's functions in the debates of the time. There had been criticism that it was not vigorously exercising them. History agrees that Marshall, instead of seizing power that did not belong to him, was a 'strict constructionist.' He did bring a much needed vigor to the Court and his decisions were the first to be written and to go into detail as to the Court's functions. They were, however, unanimous decisions of the Court."

### A broad amendment

I ASKED the Justice his view of the statement that the Fourteenth Amendment has been stretched to protect corporations and big business. The amendment was submitted just at the close of the Civil War. Its famous due process clause is the bone of contention. It reads:

... nor shall any state deprive any person of life, liberty or property, without due process of law.

On this clause largely, the Court invalidated the New York minimum wage law in a case brought by a laundry operator. The Court has since reversed itself on the question of minimum wages, with Justice Van Devanter and his three conservative colleagues, however, dissenting.

"Did the framers of the Fourteenth Amendment," I asked him, "have only the protection of Negroes in mind?"

"It says 'property' doesn't it?" he asked in return. "It says nothing about confining the protection to Negroes."

"Yes, but it was Negroes they were dealing with at the time."

"You should read the debates that had been taking place for several years before this amendment was framed," he said. "Many things were sought to be dealt with. Corporations are the property of people. If you destroy their property you affect them."

"I suppose it is unfortunate, though," I continued, "that there

(Continued on page 96)

# The Investment Trust Comes Through

By CLIFFORD B. REEVES

WITH 1,500,000 persons holding their stocks, investment trusts may play an important part in coming business developments. Here is what may be expected

IT HAS frequently been said that American investment trusts have been developed by a process of trial-and-error. No statement could be more apropos. They have certainly made their errors, and are now on trial—not in the legal sense, but before the court of public opinion.

Investment trusts are again in the spotlight, this being their third appearance there. The first was during their period of promotion in the late 1920's, when the investment trust was regarded as a royal road to riches. Their second appearance in the spotlight came when they were cast in the rôle of the villain, after the coming of the Blight, when unheard-of losses were being suffered.

Now they appear as the returned prodigal, in a production staged at Washington, D. C., under the auspices of the Securities and Exchange Commission, which is seeking all the facts before formulating regulatory legislation.

The recent investigation of investment trusts made clear the enormous size and scope of the movement and revealed the number of persons who have a stake in trust enterprises. It was found that approximately 1,500,000 investors hold investment trust securities in the United States today. The SEC study showed that, since the start of the investment trust movement, 1,077 trusts have been formed in the United States. Of these 777 were of the management type; 238 of the fixed or semi-fixed type. The rest comprised special investment plans that could not be generally classified.

Of the trusts organized, only 574 were still in business at the close of



The public cared little about security. What it did demand was profits and, for a while, management provided them

1935. They included 392 of the general management type and 133 of the fixed or semi-fixed type.

The Commission found that the public had invested approximately \$6,500,000,000 in such trusts, but that the total value of the net assets of all trusts as of the close of 1935 was only \$2,400,000,000. Return of capital to investors accounted for approximately \$1,200,000,000 of this difference, leaving almost \$3,000,000 which the Commission implies is the loss suffered by the investing public as of that date.

There is some doubt as to the

soundness of this figure for estimated losses, because it includes losses on a large amount of capital during declining markets, but credits profits during the upswing only on a smaller amount. In any event the combined depreciation of investment trusts was astronomical.

To appraise the record of investment trusts, the Commission dispatched a 90-page questionnaire to the 1,077 trusts of which it had record. Public hearings were held on more than 100 trusts, and more than 10,000 pages of testimony have been taken. No definite recommendations

as to regulatory legislation have been made; but, in reporting its progress to Congress, the Commission said:

The record convinces the Commission of the compelling need for comprehensive legislation regulating investment trusts and companies.

The Commission found little, if any, outright dishonesty in the conduct of investment trust affairs. It discovered a great deal of misplaced optimism and lack of financial judgment. But chiefly it found a chaotic clash of policies, principles, organization and practices that is usually characteristic of any new and rapidly growing business.

#### Policies by evolution

SOUND organization and policies in any business are generally arrived at only by a gradual process of evolution. The investment trust business was no exception. The SEC apparently hopes to shorten this period of evolution by sound regulation. This objective is a sound one, and will be welcomed by the sponsors of most trusts. Moreover, by laying bare the mistakes of many trusts, the Commission has shown trust managers many of the pitfalls to be avoided in the future.

The investment trust is the latest modern outgrowth of the age-old fiduciary relationship. Records of trusteeship—that is, the holding and management of property for the benefit of some one else—run back to the reign of Emperor Augustus (63 B. C. to 14 A. D.). Trusteeship, however, showed no great growth for 1,200 years after its establishment.

During all that period, the trustee was the legal owner of the property; and the beneficiary, in the event of abuses, had no recourse in law. Late in the Twelfth Century, the honorary obligation of trusteeship was recognized in England and on the Continent; but not until the end of the Fourteenth Century in England was the legal obligation established. The next step came when living trusts were recognized by law in England in 1536. Henry VIII completed the process by making the beneficiary the legal owner. But testamentary and living trusts developed slowly, and have enjoyed widespread use only during the past 100 years, since the development of a complex economy has heightened the need for fiduciary services.

The first investment trust worthy of the name was authorized by King William of The Netherlands in 1822. Another was organized in Switzerland in 1849. But the first real development of the investment trust on a substantial scale occurred in England where the first trust was established

in 1868. Between that date and 1890, the investment trust movement in Great Britain attained sizable proportions. The organizations then established became known as "trusts" because they were organized as common law trusts, rather than as corporations.

England at that time was a great creditor nation, and it was generally believed that skilled management could find investments abroad better than could the individual investor. The stated purposes of the original British investment trusts were to provide such skilled management and diversification for the small investor.

The 1880's in England were years of great speculative enthusiasm, and the newly organized investment trusts promptly succumbed to the fever for profits. The rise in share prices culminated in the boom of 1888-90. Then came the Baring crisis and the severe depression of 1891-94. Many of the British investment trusts failed and nearly all suffered shocking losses. Those trusts which had engaged chiefly in promotion and financing, rather than diversified investment, had most serious difficulties.

Profiting from this experience, British trusts abandoned their speculative policies, and operated thereafter on a strictly investment basis, with an eye to income rather than profits. As a result, no British trust has failed in the past 40 years.

About 200 trusts of the general management type are now operating in Great Britain with assets of about \$1,750,000,000. Their securities rank with those of banks and insurance companies. But the early record of British trusts is surprisingly similar to the record of American trusts in the 1920's.

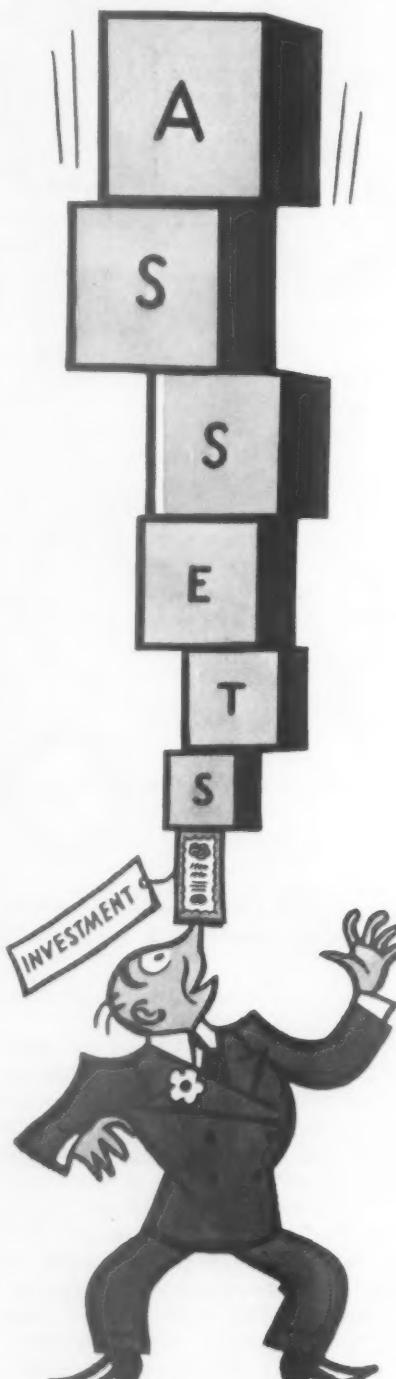
#### Investment trusts started slowly

DESPITE their early development and eventual success in Great Britain, investment trusts gained no foothold in the United States in the early 1900's. Not until conditions here were similar to those of the 1880's in England did the movement get under way. The United States became a creditor nation for the first time after the World War, and this changed condition was primarily responsible for the organization in 1921 of the first American investment trust, known as the International Securities Trust of America, and designed primarily to administer foreign investments, as were England's first trusts.

The growth of investment trusts here was slow in the next few years and, by the close of 1924, the total assets of all trusts were only about \$75,000,000. Then, again paralleling the earlier British situation, a speculative boom developed. Investment trusts were organized in large number and, within the next four years, the public's stake in American investment trusts jumped to more than \$1,000,000,000.

But this was just the beginning, for the success of trust managers in producing profits during the period of rising markets whetted the public's appetite for such securities and led to the organization of still more trusts.

Now, during this entire period of speculative enthusiasm, the deadly parallel between our situation and



Millions of assets were piled on relatively small investments

the earlier British situation should have been apparent. But the public demanded profits, and the sponsors of the trusts tried to please them. What's more, they actually produced such profits. A survey of the experience of 85 leading trusts in the year 1928 showed that, as a group, they had enjoyed an increment of 25 per cent, of which 11 per cent represented income and realized profits, and 14 per cent unrealized appreciation!

### Dazzled by quick profits

THE public was dazzled by what it regarded as the ability of financial people to obtain quick profits on "inside information" and special "ground floor" deals. The average investor felt he was being permitted for the first time to employ his money in the same operations and investments by which great investment banking houses reaped their supposedly fabulous profits.

Almost no one thought of income or security. The accent was on profits exclusively. It was estimated in 1929 that more than 75 per cent of the combined assets of all investment trusts were invested in common stocks. Moreover, in many cases, these holdings represented, in effect, common stocks held on thin margin. Many trusts had followed the established British practice of issuing senior securities. A popular capital set-up was 50 per cent bonds, 25 per cent preferred stock, and 25 per cent common stock. Often the common stock represented a much smaller proportion of total capital. In some cases common stock represented nothing but thin air and hope, with no paid-in value whatever.

What the American trust managers forgot was that, when British trusts adopted such a capital set-up, they carried enough senior securities in their own portfolios to cover the senior securities in their own capitalizations. British trusts issued low rate senior securities and, with the proceeds, purchased senior securities of a higher rate, thereby providing additional income for the holders of their common shares.

As compared with this, American trusts issued larger amounts of senior securities bearing a high rate of interest or dividends, and then invested the proceeds in common stocks at yields equivalent to half the rate they were paying on their own securities. Obviously, unless capital appreciation materialized steadily, such trusts would be unable to meet their senior capital charges.

Virtually all of the trusts organized in the boom stressed the element of expert management. Their

**British experience with speculation might have warned us**



charters conferred extremely broad powers and gave the managers great latitude. Moreover, for their expert services, these managers demanded a substantial share of any profits earned with the public's money. This was arranged by high fees, a stated percentage of profits achieved, by the award of free stock, the granting of options at favorable prices, the issuance of bankers' warrants and by various other methods. In certain notable cases, the bankers were to receive as much as 25 per cent of all future profits on invested funds aggregating many millions of dollars.

### A boom in investment trusts

THE public cared little about the division of the spoils. There were going to be profits enough for all. And for a while, that was the case. In fact, so eager was the public to invest in trusts, that soon a strange market phenomenon occurred. The market prices of the shares of leading investment trusts began to exceed their value as represented by the underlying assets. This was justified at the time by the argument that it represented a sound premium that had to be paid for expert management.

The investor who believed this paid \$75 for a share that had only \$50 in market value of assets behind it, on the theory that the managers were soon going to turn the \$50 of assets into \$100, so that he would have a substantial profit anyhow. The shares of one leading trust actually sold for 300 per cent of their

liquidating value in 1929! At such a price the market had already discounted a future profit of 200 per cent.

Many of the so-called investment trusts organized in this period were not investment trusts at all. Some were holding companies seeking control of great corporations. Others invested only in the securities of a single industry. Still others used their money to obtain working control of larger trusts. They then used these controlled funds to buy control of still larger trusts and repeated this process *ad infinitum*.

The result was a top-heavy pyramid, with hundreds of millions of assets controlled through a relatively small original investment, primarily for the benefits which such control conferred upon the trust managers.

Other trusts invested heavily in new and untried enterprises. The original objectives of diversification and sound investment management were lost in the scramble for profits. The public didn't seem to care how far afield their companies wandered as long as their peregrinations resulted in profits or gave promise of profits.

Then came the Rude Awakening. In September, 1929, the stock market started what turned out to be the longest power-dive in the history of finance. With few exceptions, American investment trusts were caught

(Continued on page 104)

# Toward a Safe



HORYDCZAK

Fireworks have always appealed to the young but, unfortunately, the young have not always been careful in using them



GENDREAU

**J**OHN ADAMS, second President of the United States, once declared that the Fourth of July should be commemorated with "feast and parade, with shows, games, sports, bells, bonfires and illuminations, from one end of this continent to the other, from this time forward evermore."

And so, for more than a century and a half, Independence Day has been celebrated with pageantry, bonfires and, especially, fireworks.

Fireworks were used by the ancient Romans. In modern times practically every country uses fireworks on occasions of popular rejoicing, many of them to a far greater extent than the United States.

In this country about 90 per cent of the fireworks produced are manufactured by five firms which share most of the industry's annual retail volume of \$12,000,000 to \$15,000,000. In addition to these major firms, there are many smaller firms which do a local business. Formulas and methods of manufacture are closely guarded trade secrets, but it is known that some of the larger concerns have, in recent years, developed machines which have in part supplanted hand-labor, so long essential in the compounding and filling of fireworks. About 70 per cent of the industry is domestic, the balance consisting of high-quality, hand-made firecrackers imported from China. An interesting development in recent months has been the increase in the export market caused by the diversion of foreign fireworks manufacturing plants to munitions of war.

Styles in fireworks have been slow to change. Until this year, scarcely a change in popular fireworks had occurred in more than two generations. There is, however, little ground for the claim that fireworks have grown noisier over the years.

The distribution of popular fireworks is complicated by the highly seasonal nature of the demand. The business must meet two high peaks each year, Fourth of July in the northern section, and Christmas, the fireworks season in the South. Display fireworks, of course, have no such seasonal limitations. Used more and more widely, fireworks displays are commonly provided by fairs, carnivals, circuses, community and organizational celebrations of all kinds.

## Displays have a year round sale

THE Chicago World's Fair, for instance, used vast quantities of display fireworks nightly for nearly two years, and the New York World's Fair of 1939 will doubtless use large quantities also. While this branch of the business is steadily increasing in importance, display fireworks still constitute but a small proportion of the total fireworks business.

As spectacular display fireworks are usually set off by experts, they have no social significance, but fireworks for popular consumption have a definite social aspect.

Fireworks which explode with an ear-shattering roar or make the night bright with red fire and bursting star-

# But Noisy Fourth

By E. V. BABBITT

Vice President and General Manager, National Fireworks, Inc.

**THE business of making and distributing fireworks has social as well as commercial complications. How to prevent accidents and at the same time provide pleasure is a problem to which those who are prominent in the industry have turned their attention**

shells and rockets have always appealed strongly to young minds. Youth likes fireworks, but youth is impatient and careless in handling them, with the result that youth has, in the past, sustained injuries too frequently from Fourth of July or Christmas fireworks. In due course the toll of these injuries has aroused public opinion which expressed itself in the form of severely repressive legislation in many localities. Cities, particularly, with their crowded conditions, have been quick to pass ordinances forbidding the sale or use of fireworks.

In the face of a rising reform movement—which, like all reform movements failed to rationalize the problem, failed to distinguish between harmless fireworks and harmful fireworks—the industry as a whole has done little or nothing. The traditional lines were not materially changed; merchandising remained hit-or-miss old-style; and bootlegging and secret rebates continued to give the industry a bad odor.

Alarmed by the general situation, National Fireworks about a year ago decided to modernize itself, and by aggressive sales ideas shake off the lethargy to which the industry had succumbed.

National discovered that it had several convictions. One was that the Fourth of July should be a national holiday with characteristics of its own. Fireworks and noise-makers obviously were fine symbols of the battles which resulted in an independent American government.

Another was that the popular use of fireworks was psychologically sound. Eminent psychologists have for some time stressed the importance of providing the masses of the people with means of escaping from the hum-drum of daily existence, and have taught also the value of play-participation by people generally.

Fireworks provided such a release and required play-participation as well. Fireworks, therefore, were appropriate and psychologically sound, National decided—and it only remained to make them safe if they were to be completely desirable from a social point of view. Satisfied that fireworks had sufficient *raison d'être*, National became aggressively merchandise-minded and brought



Although display fireworks, set off by experts, are becoming more popular, they still constitute but a small part of the industry's business

forth a line which made fireworks into games and at the same time made them safe for general use.

In taking this step, National considered that it was also playing the best kind of politics, because, if its new product should succeed in substantially reducing fireworks injuries, the chief argument of the reformers would be nullified and the industry as a whole would be able to enjoy a far stronger tactical position.

#### Made safe and packaged for sales

NATIONAL developed its new line of "safety" fireworks by applying safety features to five of its regular numbers—rockets, Roman candles, firecrackers, sparklers and cap pistols—the sales appeal of which was enhanced by games which were devised for them and by packaging them in attractive boxes.

The new line consists of ten numbers divided for merchandising purposes into the five "National Firecraft Kits" and the "Buck Rogers Fireworks."

Both the game-idea and the packaging were innovations. Heretofore fireworks sales appeal depended wholly upon the excitement offered by the fireworks themselves which had always been sold on a piece basis, save for certain items such as sparklers and torpedoes which lent themselves readily to unimaginative packaging.

The "Kraker Kit" is typical of National's new line. This kit includes a toy cannon, a box of salutes and several paper targets. The salutes are the old-style two-inch crackers, but the cannon, which was designed to take the firing of salutes out of the hands of children, is a new invention. The salute is pressed against a spring inside the cannon and the fuse twisted into a patented notch at the cannon's mouth. The fuse burning away releases the spring which automatically hurls the salute

added. New stickless rockets were developed which reduce fire hazards and eliminate the old-fashioned trough. Roman candles were provided with safety holders to guard the user against possible backfiring. A new "fireless" rocket was invented which is actually a wooden glider propelled by a spring-piston which may be set off either by a fuse or a piece of wire.

In the direction of merchandising, National obtained exclusive right to the use of the Buck Rogers name in fireworks. Buck Rogers is one of the most popular of the boy-heroes of the comic strips. The boxes containing the Buck Rogers Fireworks are decorated with colored artwork on the Buck Rogers theme. The same motif carries through the catalogs and magazine advertising which constitute a major part of the National promotion campaign which is, incidentally, backed by the largest advertising and promotion budget ever put behind fireworks.

Full-page advertisements of the new kits in four colors appear in the June issues of several leading magazines for boys.

In an effort to stress the special significance of the Fourth of July as well as the safe use of fireworks, National has formed the "National G-Boy Special Patrol," a club whose members are urged to "have fun safely" on the Fourth.

Members are provided with red and gold pins, a special membership card, literature describing the history of the holiday and instructions as to how to observe the Fourth patriotically and safely. Club members are pledged to "have fun safely" on the Fourth.

In cooperating with safety organizations and others interested in the welfare of the young and in furthering the cause of safety through its publicity, National feels it is merely carrying out one part of its public responsibility. It also considers it a public duty—although, to be sure, selfish considerations enter into it—to make fireworks characteristic of the Fourth. Therefore, in a little booklet sent to all customers, National urges that the Fourth be made a "different" holiday and that its special significance be recalled.

#### Safe lines will prove themselves

THE company feels that few will dispute its major objectives, and that skeptics will be completely answered when experience with the new safety fireworks over the coming Fourth demonstrates their merit. It is noteworthy that, in developing a new line of safe fireworks, National has also dropped certain lines which have proved unsafe. Lines which have been dropped include blank cartridges (now practically eliminated by the industry), giant salutes, giant torpedoes and similar items.

With the deletion of dangerous numbers and the addition of new safety fireworks, fireworks today can be said to be less harmful than many other items sold to children. National accepts its social responsibility to produce fireworks that are really safe, but it does not feel that stricter standards should be applied to fireworks than are currently applied to other articles sold to children.

It is confident, furthermore, that its new safety fireworks have reduced the possibility of injury to a minimum, not only through the safety features applied to them, but also by making games of their use which will inspire youngsters to study and obey instructions which come with each kit.



Fireworks styled for safety and with an added game appeal are new this year, one answer to the industry's critics

20 to 30 feet away, where it bursts. The game-idea is supplied by targets at which the cannon can be aimed. Accurate range is obtained by proper elevation of the gun. Target-shooting appeals to nearly everyone and National feels that it has made the firing of salutes safe and more interesting.

In a similar manner National modernized several of the old-type fireworks. The sparkler was equipped with a cage to protect users and a new quick-lighting tip was

# Two of the "Selfless Six"

By FELIX BELAIR, JR.

**MEET two little known men who have been responsible for drafting many of the Administration's legislative projects and helped them through Congress**

**W**HEN President Roosevelt recently asked congressional permission to appoint six executive assistants, observers who long have watched the Government function in Washington raised a great outcry. Although the report of his committee on administrative management was at pains to explain that "they would not be assistant presidents in any sense," the proposal was still frowned upon.

"Let me designate the man from whom the President receives his advice and I will not want more power," one authority exclaimed.

Yet, however true this observation might be, the fact remains that, as far as two young men in government are concerned, the proposed arrangement would only maintain the *status quo*. These two young men are as old in the service of the President as the New Deal itself. They have been personally responsible for drafting many of his pet legislative projects and have done much toward getting them through Congress. Depending on the individual's point of view, they constitute an extra-legal branch of government or a pair without whom the President might have had tougher legislative sledding.

Their names are Thomas Gardiner Corcoran and Benjamin Victor Cohen, lawyer-intellectuals with a touch of the musical. Although temperamental opposites, they have lived together for four years without a squabble. In common they have a peculiar dislike for concentrated economic power in the hands of large corporations. Their past four years have been devoted largely to breaking up banker control of operating companies, whether in the manufacturing or public utility fields.



Ben Cohen (left) listens while Tom Corcoran explains a bit of new legislation to a congressional committee

With all their temperamental and constitutional differences, the partners in the firm of Corcoran & Cohen are much alike. In their objectives and methods of obtaining them they are sufficiently similar to have served as the inspiration for the description of the Presidential assistants given in the report of his reorganizing committee:

They would remain in the background, issue no orders, make no decisions, emit no public statements. They should be men in whom the President has personal confidence and whose character and attitude are such that they would not attempt to exercise power on their own account. They should be possessed of high competence, great physical vigor and a passion for anonymity.

## Assistants to the President

POSSESSING all these attributes, Tom Corcoran and Ben Cohen have gone far in the field of government. Nominally they are counsel, respectively, for the Reconstruction Finance Corporation and the National Power Policy Committee. Actually

they are and, for nearly four years have been, executive assistants to President Roosevelt. If they are not actually the two most influential men in the executive branch of the Government, after the President himself, they certainly know more of the inside story of the Roosevelt Administration than any others.

If they possess any one of the required qualities of a presidential assistant to a greater degree than another, it is the passion for anonymity. Consistent adherence to this policy explains their political longevity in Washington. In their abhorrence of publicity and their ability to keep in their chins, Corcoran & Cohen have been compared to the turtle that lives for 200 years by pulling in its neck when trouble threatens. This is only partly true. With them, no such deliberate act is required. They come by the trait naturally.

As many, if not more, opportunities for public statements came their way as came to Professors Moley, Tugwell and Berle. But, when

the professors were out indulging in that once popular pastime of business-baiting, Corcoran & Cohen were tucked away in their obscure offices in the RFC and Interior Department "chopping wood." While the professorial economic planners were out making speeches about political alliances between farmers and laborers, Corcoran & Cohen were back home writing legislation and quietly pulling the strings that put it through Congress. Now the professors are gone—victims of an unsympathetic public and press. The lawyer-intellectuals remain, tucked away in their obscure offices, saying little but doing much.

These New Deal amanuenses have no set methods of operation. Their only rule is that they are constantly available to the White House. Both are deep in the confidence of the President, who admires their teamwork. Theirs is indeed a harmonious performance with Tom emitting ideas as a rocket emits sparks and Ben reducing them to the form of legislative proposals. When the President has an idea, he usually calls Tom on

the telephone. If Tom has an idea, he walks across to the White House to try it out on the "Boss." If the idea clicks all around, there is no rest for the firm of Corcoran & Cohen until it is finally hatched in legislative form.

#### They are used to hard work

THEY have been known to go for 36 hours without sleep when there was a rush job to get out. In a very real sense they have lived together since coming to Washington. If they were not working at night at their K Street apartment, they were working during the day at one or the other's office. Results of their collaboration are found in the Securities Act of 1933, the Securities and Exchange Act of 1934, the Public Utility Holding Company Act of 1936 and, more recently, the judiciary reorganization and wage and hours legislation. The TVA, Electric Farm and Home Authority and the extended RFC are among their accomplishments.

Scattered throughout several fed-

eral departments and agencies are a handful of protégés of the now famous team. They do much of the spade-work on measures frequently destined for inclusion in the presidential list of "must" legislation. But the work of Corcoran & Cohen does not end when their bills reach Congress. House and Senate committees must have their explanations. Administration sponsors of the measures must be provided with arguments against the opposition. Sometimes a recalcitrant must be shown where his real political interest lies.

Sometimes these extra-legal activities have subjected Tom and Ben to the calcium glare of the public eye they so much prefer to avoid. It happened to both of them in the course of the bitter controversy over the "death sentence" clause in the public utility holding company bill. Tom was "investigated" by the House Rules Committee when Representative Brewster of Maine charged on the floor of the House that Corcoran had threatened administration reprisals by discontinuing the Passa-

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## Evolution of a Job

**I**N 1872 H. W. JOHNS was making and selling roofing materials in a one room and cellar establishment at 76 William Street, New York City. To his place of business one day came young William Waldron Hanold, just out of the Navy. He was looking for a job. He liked the smell of oil and tar his nose reported. It reminded him of life aboard ship. That was the place for him. He died recently at the age of 87 and kept regular hours at his desk until a few days before his death. In that span of years the personnel of the little shop has grown to 7,000, and the two room business to a major industry.

Asbestos was a novelty in those days. Its resistance to fire had to be proved. Mr. Johns and Mr. Hanold developed a demonstration to convert skeptics. The story goes that they made a heavy glove out of half a yard of the cloth, and whenever a customer doubted the idea of a fireproof fabric, Mr. Johns would say:



William Hanold when he joined H. W. Johns in 1872 and above shortly before his death

"William, get your glove and show the gentleman."

Thereupon, Hanold would draw on his glove and plunge his hand into the pot-bellied iron stove that stood at one side of the office. While the customer looked on in amazement, Hanold would poke around the coals and bring one glowing ember out in his fist.

"I had to jiggle them around to keep my fingers from being burned," Mr. Hanold explained, "and sometimes they were awfully hot."

Office assistant, shipping clerk, advertising manager, salesman, contract manager—posts he held to his own and his company's benefit.

Best of all his work he liked selling. Easy to rally a host of words in appraisal of a life so long, so serviceably spent in doing the business of one firm.

The fact that Mr. Hanold kept on invites belief that enduring satisfactions are still discoverable in a world of change and instability.

The business leader must learn the scientific basis of the forces at work and adapt this knowledge to the situation at hand



EDMUND DUFFY

## The Qualities Executives Need

By W. ROWLAND ALLEN

Personnel Manager, L. S. Ayres & Co.

**YOU may find it worth your while to determine how nearly your supervisors—and you—meet the tests for management suggested in this article**

YEARS ago I was camping near a lonely lake in northern Maine. One cloudy day, on a hunting trip some miles away from our camp, I became separated from my guide. After several hours of wandering without a compass in a deep forest, I became thoroughly panic-stricken and began to imagine for myself the traditional ending of the lost hunter whose body is found weeks later by a posse of searchers. After the first tide of terror had ebbed, I remembered that my guide had told me that the thing to do when lost was to climb the tallest tree, that, by studying his surroundings from some lookout, one would stand some chance of saving himself.

I followed his advice and found, with great relief and some chagrin, that the seemingly impenetrable forest extended for only a quarter of a mile, that both my camp and my guide were not a mile away. I was at once thankful that I had not fired

my gun or built a fire with the desperate hope of attracting attention. A sense of pride, although it had run a keen race with increasing fear, had prevented me from resorting to these foolish measures. For this I was grateful.

Today in society, and particularly in one of the most important segments of society, industry, we face a similarly paradoxical and confusing situation. Millions of persons are out of work. Our factories are loaded with orders. Our distributive system is beginning to creak under the weight of shipments to meet customer demand, be it for staple products or for luxury items. Executive elation in commerce and in industry

is sharply tempered by the growing cohesive, dynamic demands of labor leaders, whose traditional weapons have been those of force, although now they are being strangely transmuted from a physical force to a negative force. There is a

tension in our social and economic order between control on the one hand and apprehension on the other.

To appraise this sense of apprehension, it is necessary to review causes existing today but not existing in earlier and similar situations.

There is a curious new jargon abroad in the masses today which includes such expressions as "he has an inferiority complex" or "that is a defense mechanism" or "his habit pattern is bad;" such words as "psychology," "psychoanalysis;" the whole range of language concerning glands, be they endocrine or ductless.

Ever since the waning impact in America of East Indian swamis, yogis and cultists that followed the

Civil War, a new philosophy has been developing. The language of objectivity, the language of impersonal scientific appraisal, the language of the physicist and of the research man in medicine has been spreading. Centuries ago Plato pointed out that the philosopher actually sets the pace for society and, since the philosopher is really the pace-setter, that we must study and appraise the philosophy of a man, of a society or of a business if we are to understand what the superstructure now is or will be.

There is a growing philosophy today among workers. Is it being balanced by a corresponding growth in the philosophy of employers?

#### The personnel profession

IN DEALING with personnel problems we must keep in mind that the profession of personnel, while it has always existed in one fashion or another, has been recognized only as a function in itself within the past 20 years.

Today, personnel is a correlation of the philosophy and objective of management with the hope, understanding and morale of workers. Not many years ago personnel was thought by many to be, was even called "a welfare department," established to see that all the "nice things" were done to keep the worker from going elsewhere. Management had begun a cost accounting of the money involved in

hiring, firing, and training new workers and, as a result, fine lunchrooms, hospitals, centralized employment, and a place for the adjustment of employee grievances were established to transmit or create a personality, so to speak, in the corporate set-up which would give the worker a sense of belonging. The hunger to belong, the hunger to believe, is as old as man and probably will continue as long as man shall be.

A remarkable phenomenon of modern society is the rise of corporations that are managed by men who do not own but are responsible to a large, scattered and often inarticulate ownership. This makes it necessary for us to go back again to the establishment of these "welfare departments" or "public relations departments" where the public, that is the consumer or the worker, can find a corporate personality as well as an interpretation of management philosophy that was human.

Here are some cases. One day a young executive came to the personnel man and said:

"There is a boy over at plant 'B' who must be ill. You had better look into it."

"What makes you think so?" asked the personnel man.

"Why, he just punched me in the jaw."

The young executive worked in plant "A." Going through plant "B," he had seen some waste material in an aisle and had asked the nearest

boy to clear it up. The boy had hit him.

The personnel man called the boy to his office and learned that usually there were in that section three boys who were responsible for cleaning up, that two of them had been ill for several days and that there had been no replacement. The boy who did the punching said, "I had been run ragged, I was worn out, and I felt that if one more person told me what to do I would pop him. So I did."

The personnel man apologized to the boy and sent him home to rest. He understood objectively what had brought the situation about and assumed the blame. When the boy in question came back to work, he went of his own volition to plant "A" and apologized to the young executive. This could not have happened 15 years ago. Then the boy would have lost his job. Today there can be objective interpretation of misconduct.

#### Mental status must be studied

TAKE the case of a doctor who has a patient who is mentally ill. Does he react with anger or fight back on the level of revenge? Does he take sides in examining a person? Is he emotionally involved in his appraisal of a patient?

No! He adds up every possible factor for his diagnosis and sets about to correct the problem at hand. Con-

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We will fail if we use force. We must work in a temperate and objective manner.  
We must not blame, but teach, and avoid the fear technique

# Property as a Moral Asset

By the Rev. J. V. MOLDENHAWER

Pastor, the First Presbyterian Church, New York City

**IN A WORLD where men's lives are ruled by things, is the man who acquires property to be condemned or praised? And, if it is not wrong to have property, then is it wrong to have too much?**

I SUPPOSE there is no place in which the conflict between the earthly and heavenly is more apparently irreconcilable than where we have to do with things, especially things possessed as property. Let us face squarely the obvious badness of the mere zest for possession.

We have known something about this always, but it has been reserved for modern times to elevate it into one of the main motives of human life in what is called the economic interpretation of history. A person need not accept that in its entirety unless he chooses, but every man who reads history at all will probably admit that economics has played a large part in that queer, bad story.

This desire for possession is behind all—or nearly all—the tyranny and the oppressions of the world. A man or a group of men engineer a project of conquest because they want something that does not belong to them. This performance, that we call "exploitation," is of course the same thing that the old world called "oppression." The desire for possessions lies behind the zest for power because possessions give power a chance to display itself.

If we read the Old Testament we soon discover opinions concerning social inequities. It says:

"Woe unto those who lay house to house and land to land."

In the Decalogue we have probably the most penetrating of the commandments—the one which says,

"build greater, and there I will store all my fruits and goods." Then comes the word of God:

"Thou fool, this night shall thy soul be required of thee."

We can never remember our New Testament at all without remember-



PHOTO CARTOONS BY GEORGE LOHR

**The contrast between men and dollars is artificial. How can society protect its members without protecting the things that belong to them?**

"Thou shalt not covet." Not merely "Thou shalt not steal." Not only must you not take a thing, you are not to want it. You are not to let your mind play about with the thought of how pleasant it would be to have it—this thing that belongs to someone else.

We turn to the New Testament and our backing is still solid. We read the words of our Lord Jesus in the parable about the man who had so many possessions he did not know what to do with them. He says, "I know; I will tear down my barns and

ing the lowly birth of our Lord Jesus and His upbringing in a simple home of poor people. We can never remember anything that He said to anybody and forget the terrible thing that He said to the young man whose only fault apparently was that he had too much money. Our Lord said:

"Go home and part with all you have, then come and follow me."

So the Bible is behind us in even a severe treatment of this question.

On the basis of this, we may well say that the most obvious answer to

the question of property is the answer of the ascetic:

"Very well, we aren't to be bothered with it. We are to live without caring for things at all."

And before we come to the treatment of the situation that confronts us in common life, let me declare here my profound admiration of the type of man who can deliberately and thoroughly get away from all of it. I deplore as one of the sad phases of our modern civilization the incapacity in many quarters to admire such rigid self-denial. If enough of us were ready simply to declare the Kingdom of God without getting anything for it or wanting anything for it, it would be a grand exhibition.

I am convinced that no society can long remain sane and wholesome that does not include a reasonable number of persons who do not care at all for possessions—who do not want to get any material thing out of life.

We would never have the books that ought to be written if we did not have a certain number of authors who did not care about royalties. The gospel of the Kingdom of God would never be preached if we did not have some men in our pulpits who were indifferent to salaries. We would never have the right people teaching in our schools if a certain number of persons did not care whether they ever got more than a bare living.

On the other hand, here we are, most of us, living with things all the time. We have to.

I have never got into the habit of being able even to read reports of the stock exchange. Most of the men I know who understand the market are more or less unhappy men. But I know that it makes a difference, and I know I am tangled up in it. I know that all of us are having to do with things all the time—with the creation of things and the care of things. And so there must be a Christian doctrine of property and its relation to character.

We must then face the question: "Has the ownership of property any bearing upon the development of the better qualities of human life?"

Is there something to be said for what can and ought to happen to a person through his control of things—through the fact that there are

things about which he can say, "These are mine?"

I suggest that there are, at all events, some possibilities. If men are to be defended in their most significant rights, property must be protected. Now, I am not defending the present system. I think the present system has some terribly wrong

respect for the things themselves.

I think there is something wrong with a man who does not have a feeling of respect for an object which would never have been had not the intelligence and skill of man gone into its making. There is something morally wrong about the kind of farmer who leaves his implements standing unsheltered in all kinds of weather instead of putting them under cover. There is something morally wrong with a man who will not trouble himself to take care of an automobile in which his savings and those of his family have been invested.

How can there be a right training of character in children in a world where we daily deal with things, unless that training includes the proper care of what is one's own? The best of ownership is seen in that. The best we have, we have because we appreciate it.

At this point it is going to be easy to misunderstand me. I confess a liking for books and pictures. I have a few books that are my own. Some of them I have because I appreciate them enough to

have put myself to the pains of acquiring them. I see no reason why they should be merely put at the disposal of all and sundry, 99 per cent of whom have no care for that sort of thing whatever.

Lead children as they grow to take care of what is their own. If there is anything unpleasant to see in a home it is a band of youngsters who are allowed to run wild, either under the old flabby system of lack of control, or the modern theory of letting them do what they please and thereby get proper self-expression. A well-brought-up child is a child taught how to take care of property by having certain things of his own which he himself has desired to possess, and the care of which is made one of his first concerns.

I think most of us remember what used to be called the old-fashioned home. The old-fashioned homes had a rigid sense of the value of things, and the naughtiness of mishandling things; the badness of treating disrespectfully and wantonly destroying or defacing things.

Of course sharp lines ought to be drawn between things that are prop-



Something is morally wrong with those who do not respect an object which would never have been except for man's skill and intelligence

things in it that must be made right. That is why I say that if men are to be defended in their most significant rights, their property has to be protected.

There is a certain artificiality in the contrast between dollars and men. I do not know how a man can be said to be protected by the society he lives in unless he is protected in the possession of the things that are his. For example, suppose a man were to wake up to the fact that society would not protect him in the possession of his savings, in the possession of the home he has bought, but would pretend to make up for this by protecting his freedom of speech. Oddly enough, what that man wants is not oratory, but his home.

#### Thrift is conservation

CONSIDER the word "thrift," for example. Thrift is not merely the care of cash or the enthusiasm for a savings account. Thrift is the conservation of the material blessings of life by the proper care of them. Thrift does not only signify, "Waste not, want not," it also signifies a certain

erly common and things that ought always to be personal and private. A great part of the tragedy of poverty is the fact that, by want of possession, there is a want of privacy.

A few years ago Virginia Wolff wrote a book entitled "A Room of One's Own" in which she called attention to the fact that most of the work of the woman of genius had been done in spite of the fact that she did not have a room of her own. Her book is a warm and brilliant protest against the martyrdom of having to produce something worth while in a world where you have no privacy. And there is no privacy without some place you can call your own—a place to which you can withdraw and say, "This is my room."

Now, I maintain that as soon as you begin to regard the matter closely, you see that some fundamental dignities are involved in being able to say about certain things, "These are mine!"

Let us take the illustration from the other side. Let us say a word or two about vandals. Most of us know nothing about the Vandals except their vandalism. It is not necessary to know all the more picturesque

and interesting details, but it is necessary to know what vandalism is.

Vandalism may be described as the taste for mucking up things that belong to others, things which you have not the intelligence to appreciate. And I think one of the best cures of a tendency to vandalism is the training in personal possession of things which one understands the value of.

#### Little appreciation of value

CONSIDER the moral lesson of looting in warfare. One of the facts about the history of looting is that the looters apparently enjoyed two things equally. They enjoyed carrying away things they thought they had a use for, and they had equal pleasure in destroying the rest.

I suppose that a really good Vandal who entered what had been before his entrance a reasonably happy and cultivated home got the same amount of pleasure out of smashing a guitar over the newelpost as he did out of stuffing his pockets with whatever gold pieces he found. And in both cases you have to deal with a raw kind of unintelligence that does not appreciate the value of things.

Man in his little place and in his brief time needs to be assured of the dignity of his position by the guarded rights of his property. We still remember some lines of "The Deserted Village."

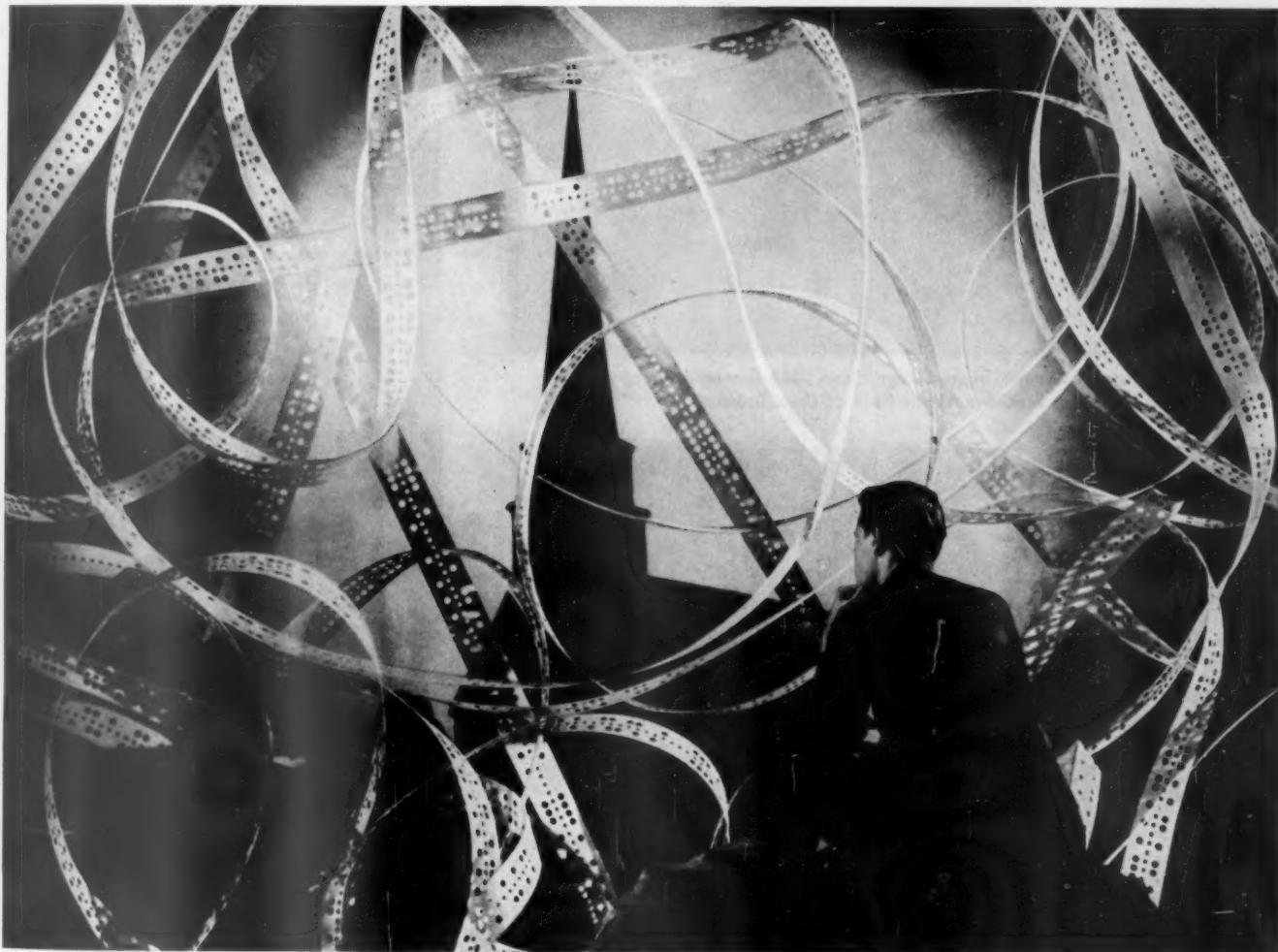
*Ill fares the land, to hastening ills a prey,  
Where wealth accumulates, and men decay!*

The point is, property, in that particular civilization, is in the hands of so few people that the rest are in peril of being reduced to insignificance by having so little left that they can justly call their own. And here is where the radical has his harshest words to say to our modern society.

I am trying to make clear that, for all men, property is a moral necessity. To defend the property of a multimillionaire without even listening or thinking when we see multitudes of the common people being slowly dispossessed of all except what they can hold in their fists—that is not the right respect for property.

A man who has money enough thinks he is paying a compliment to a poor man by saying he will take a piece of property off his hands. Why, there are men living in New York

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Every one of us is tangled up in the stock market because we are having to do with things; so there must be a Christian doctrine of property and its relation to character

# Sports Goods Vendors Cheer Sand



More than 300 carloads of timber are turned into baseball bats annually by one manufacturer. From 1,500,000 to 3,000,000 bats is total yearly production



Early season interest indicates biggest year since 1923 for equipment manufacturers who depend on sand-lotters for bulk of their business



Every year a million or more boys of all ages hope to become a Ruth or Johnson—save pennies to buy bats and gloves like those used by pros

AT least 20 manufacturing concerns are producing baseball equipment of all sorts, with an annual sales value of from \$5,000,000 to \$7,000,000 exclusive of clothing and footwear. Close to \$3,000,000 of this volume is spent for balls alone.

Manufacturers hope to see anywhere from a 30 to 50 per cent increase in 1937 and see visions of an approaching year that will surpass the 1923 sales volume of \$8,000,000.

Reawakening of baseball interest is due to several factors. One is success of the National Semi-Pro Baseball Tournament. More than 10,000 clubs are expected to compete for the privilege of playing in the finals in Wichita in August. More than 160,000 players will compete and approximately \$300,000 will be paid in prize money.

Success of tournament has been credited to interest of industrial firms who have gone back to old practice of sponsoring and equipping company teams. In addition to the aid it offers in personnel relations, executives find that teams have greater advertising value since tournament has assumed national scope.

Other tournaments contributing to national interest are American Legion, Baseball Federation, Municipal Baseball Association and Athletic Institute, which reports 20,000 teams competed last year.

Night baseball, too, is credited with helping the revival. Today eight companies in the United States are manufacturing athletic field lighting equipment. Eighty organized ball clubs now have night playing facilities and semi-pro fields bring the total up to 200. The price of an equipped field installation runs from \$3,000 to \$50,000 and approximately \$1,500,000 has already been spent on this phase of the baseball industry.

PHOTOS BY LOHR



"Is it a hit?" Sand-lot fans claim to be the real connoisseurs of baseball appreciation

# Lot Revival

NINETY-FIVE per cent of baseball playing equipment is sold to amateurs and semi-pros whose numbers are rapidly increasing



Mitt and glove sales may total over \$2,000,000

A new machine brands bats with foil in color. Pros demand bats made to individual specifications



COURTESY  
HILLERICH-BRADSBY COMPANY



Five hundred thousand boys under 17 will contest for right to play in American Legion's eleventh national tournament



More than 20,000 home town fans like these watched their local Spartanburg team win last year's Legion Tournament



Industrial teams, loyally backed by company employees, are taking prominent part in revival of sand-lot fervor

## Our Business in Foreign Markets

**A**s the world's leading exporter and next to the leading importer in 1936, the United States contributed in some degree to the volume and velocity of foreign trade of practically every nation.

The total value of our foreign trade (exports and imports combined) for 1936 amounted to \$4,872,716,000, the largest since 1930. Our total exports of merchandise, \$2,453,487,000 exceeded imports by \$34,258,000, the smallest export excess since 1930.

Export trade to the 14 trade agreement countries increased 14 per cent as contrasted to a four per cent increase in shipments to non-agreement countries. Imports from the 14 agreement countries increased 22 per cent, as contrasted to a 16 per cent increase since 1950.

per cent gain from non-agreement countries.

series; leaf tobacco; electrical machinery and apparatus; crude petroleum; lubricating oil; gasoline, naphtha and other light products; coal and coke; iron and steel plates, sheets, skelp and strips; agricultural machinery and implements. Among exports making an all time record in 1926 were

Among exposés making an all time record in 1920 were radio receiving sets; electric household refrigerators; airplanes; wood pulp; lathes; sensitized motion picture films not exposed; milling machines.

more than four-fifths of our chief imports increased in value over 1935 and 73 per cent reported gains in quantity. As a general rule, improving economic conditions within a country attract greater imports, particularly raw materials and semi-manufactures in industrial nations.

largely to advances in price rather than an increase in quantity. Other leading imports were cane sugar; coffee; raw silk; standard newsprint paper; wood pulp; undressed and dressed furs; tin bars; distilled liquors; raw hides and skins.



## How Efficient is Congress?

By JAY ROBINSON

**EXPLAINING the machinery by which a bill becomes law—or doesn't—and some of the safeguards which prevent consideration of unimportant measures**

YOU read in your home town newspaper that your Congressman has introduced a bill to raise funds for the relief of unemployment. The Congressman paints a vivid picture of the benefits to be derived from his scheme: it will solve the problem of relief costs, lighten the taxpayer's load, and probably balance the national budget. You smile at his enthusiasm and wonder what chance the bill has of becoming law.

About one chance in 15 as a non-administration bill, judging by the record of the past ten years. In the last Congress, out of 18,754 bills and resolutions introduced only 1,724 or 9.2 per cent were enacted into law. But even that showed greater legislative efficiency than usual. The average for the past ten years is only 6.6 per cent. No modern Congress has done better than the 59th (1905 to 1907) which enacted 20.1 per cent of the 34,879 bills and resolutions introduced. Congress, unlike the Supreme Court, is always behind.

But the seeming inefficiency is intentional. God forbid that every bill introduced to aid a constituent or to carry out its author's idea of making the United States a paradise should be approved. It is all right for a Representative to attack something that arouses his personal ire; it is all right for him to introduce a resolution to do away with it and to get himself a little publicity, but it is better that the process stop right there.

Two different conveyors lead through the law factory of Congress. One carries the ideas of the President and his advisers and brings them out as laws. The other transports the measures of individual Congressmen and permits a limited number to be enacted. Often the selection seems more accidental than wise. But it

takes months to complete action on the Administration's bills covering policies and appropriations. Meantime a good deal of other raw material may be fed through the gears.

During a session your newspaper keeps you amply informed on the progress of administration bills. In addition it will carry news about the bills affecting your town and state—for your Representative, if he is an average legislator, will have about 30 measures in the hopper and each of your Senators about 60. But you will not be told about the thousands of other non-administration bills. They are so plentiful and so unimportant to the nation at large that Congress itself seldom knows what is in them.

Many reasons cause the introduc-

tion of non-administration bills in the face of their known mortality record. Political effect back home is a prime motivation. Or a legislator may be moved by an honest conviction that "there ought to be a law."

Of course the average legislator's desire to aid a voting constituent or a group of them is an elementary explanation of why thousands of bills are introduced each year to bring relief to private citizens with claims against the Government which cannot be taken to court. And a few measures apparently are motivated by spite.

Congress maintains a legislative drafting service where any member may go to have his idea put down on paper in legal form. Many members of both houses are lawyers and draft their own. The most famous bill of the current session, President Roosevelt's proposal to reorganize the Supreme Court, was introduced in the House by Representative Maury Maverick of Texas. He was in such a hurry to be the first to sponsor it that he tore it from the mimeographed copy of the President's judiciary message distributed to members, scribbled his name at the top, and sent a page scurrying with it to the Speaker's desk. In the upper chamber, Sen. Henry Fountain Ashurst of Arizona waited until the next legislative day, put on his black cutaway with the white-piped vest and presented it with a flourish.

#### The course of a bill

**WHAT** happens when a bill is introduced?

First of all it is referred to one of the 47 standing House committees or one of the 33 in the Senate. The committees take the first heavy toll of unwanted bills by quietly putting them into pigeonholes until the end of Congress, when they die automatically.

The actual copy of the bill goes to the bill clerk. He gives it an official number and enters it in the appropriate record books. Then it is sent to the Government Printing Office and next morning it is available in the document rooms, where any citizen may ask for and receive two copies free. The last report of the public printer showed that it cost the taxpayers an average of \$30.08 every time a bill was introduced in the 1935 session.

If the bill is of public interest 1,400 or 1,500 copies will be printed; if private, probably not more than 200. The document rooms may order reprints when the supply is exhausted. Senators and Representatives are allowed any reasonable number of copies they need, but if they demand

more than 500 or 1,000—the rules are elastic—they have to pay for the additional printing. The "best seller" of the 74th Congress was the Townsend old age pension bill on which the printing ran to more than 25,000 copies.

Among the champion bill introducers of Congress are Senators Royal S. Copeland, Arthur Capper, William H. King, Charles L. McNary, Morris Sheppard, and David I. Walsh, and Representatives Schuyler Otis Bland, Francis D. Culkin, Emanuel Celler, John W. McCormack, B. Carroll Reece, and J. Will Taylor. All are old timers in Congress. Oddly enough, Delegate Anthony J. Dimond of Alaska is well up on the House list as an introducer. He is permitted to drop them in the hopper but he cannot vote on them. Many members of both houses have introduced none this session, or are represented by one "idea" measure such as Representative Overton Brooks' resolution to redistribute the nation's wealth along the lines proposed by his late leader, Huey Long.

The machinery of enactment is more complicated in the House than in the Senate, as a result of the unwieldy size of the lower chamber. In fact it is only in the House that the two separate methods of handling

wanted bills negatively by failing to provide for their consideration. With certain exceptions, no committee may bring out a bill for floor debate without a rule from this group; and the Rules Committee will not vote a rule unless it is sure the Administration will accept the measure. Representative John J. O'Connor of New York is chairman of this committee.

The Frazier-Lemke forces finally were able to bring up their bill by means of a petition signed by a majority of House members—the only way of overcoming the Rules Committee—but the bill was defeated.

#### "Objectors" to block bills

THE calendars call for a different technique. Here the committee chairmen and a group of "official objectors" guard the route against unwelcome legislation. Despite its designation, the latter group has no official standing under House rules. It includes five or six members from each major party whose duties are to study every bill on the consent or private calendars, decide whether it is good legislation and, if they decide in the negative, to rise on the House floor at the appropriate moment and block consideration.

The job entails a tremendous



The average Congressman will introduce about 30 bills every session. The average Senator about 60

legislation appear. One, for administration bills, involves the Rules Committee, an extra legislative group empowered to superimpose on any measure a specific rule for its consideration. The other is the routine method of handling ordinary legislation and involves calling the bills up from one of the four House calendars.

The Rules Committee combats un-

amount of work, no reward, and often brings the objector unpopularity with his fellows. The late Representative Marion A. Zioncheck of Washington served as a Democratic objector during his first term and some of his friends attributed his death in part to the arduous duties of that task.

Senior Democratic objector in the present Congress is youthful Repre-

(Continued on page 110)

# Washington and Your Business

By HERBERT COREY

## A Moral from Alaska

THE President's court plan reminds one of the story told by Carl Lomen, the Reindeer King.

"One winter," said Lomen, "a friend of mine in Alaska lost his wife. He made a coffin for her and dug a hole in the tundra and buried her."

"But it was lonesome up there in the mountains and by and by he built him a cabin on the flats at the mouth of the river."

"A huge flood came in the spring. The ice went out and the water rose all around the new cabin. One midnight the prospector heard a tapping and when he opened the door his wife's coffin floated in."

"He hollered," said the Reindeer King, "but there was nothing he could do about it."

The President's court plan may be dead but the coffin is still floating around. He proposes to keep it floating until he gets his way. Defeat this session would not bar him from sending the coffin out again next session. His friends say that he can control the actions of the Court in that way, even if he is not permitted to add to its numbers.

## Court Was Not Forced

TWO lawyers, key men under the Government, and students of the Constitution, do not agree that the Supreme Court yielded to presidential pressure. Neither does the New

York Times. The two men have been consistently accurate in forecasting the Court's decisions.

"The Court must decide thus-and-so," said both men, "because of its decision in the AAA case in January, 1936."

That decision, to quote the New York Times, gave the "general welfare" clause that broad interpretation on which Judge Cardozo relied in the Social Security case.

"As Hamilton held, Congress has 'a substantive power to tax and to appropriate, limited only by the requirement that it shall be exercised to provide for the general welfare.'"

The Court's broadening interpretation of the Constitution began 13 months before Mr. Roosevelt introduced his plan to add to the Court membership.

## Two More Judges May Go

WARNING: this is stable information. (People who bet on what the exercise boys tell them usually lose their shirts; better jab the program with a pin.)

"The next two judges to resign will be Chief Justice Hughes and Justice Brandeis."

The argument is that Justice Hughes is now 76 years old, as sound as a nut, lean, brisk, and bright-eyed. Some years ago he wrote a book about the Supreme Court in which he opposed the compulsory retirement of justices at the age of 70.

"But," said he, "support might be found for their compulsory retirement at 75."

He has been a notably consistent man all his life, he has played a leading part in the most dramatic period of Supreme Court history, and he could, if he would,

write another book about that tribunal which would be of immense importance.

Mr. Justice Brandeis is 80 years old. He is a gentle man, kindly and liberal in his views. But he has resented some of the things that have been said.

THE Hill takes it for granted that some kind of an act plugging the holes in the tax laws will be passed. That seems to be the system. A law is written. It goes to The Hill accompanied by a loudspeaker.

It is passed.

Then a session is spent in trying to patch up the various things that are wrong with it. Blame for its poor quality is heaped, if possible, on the poor devils affected by it and who are trying to find out what it means. It is always possible to call them names.

## What Holmes Said about Taxes

MR. ROOSEVELT'S message about tax evaders had a kind of an echo attached to it. The first thought of every one, as reported by an observer on The Hill, was to shout:

"We will catch these rascally evaders of taxes and pin their hides on the back fence."

The second thought was:

"Let's not go off half-cocked. Let's aim before we shoot."

It is being pointed out that, although it is wicked to evade a tax it may be a civic duty to avoid one. It is not good citizenship to be sloppy in one's relations to the Government. Former Commissioner Blair of the Bureau of Internal Revenue once said in effect:

"No man should pay a tax which is not imposed on him by law. It is only through tax-resistance by honest men that we find out what is wrong with the laws."

Justice Oliver Wendell Holmes wrote:

"When the law draws a line a case is on one side of it or the other and, if on the safe side, it is none the worse legally that a party has availed himself to the full of what the law permits."

"Any one," said Judge Learned Hand of the U. S. Circuit Court of Appeals, "may so arrange his affairs that his taxes may be as low as possible. He is not bound to choose that pattern which will best pay the Treasury."

## Government Is Hard

THE Government moans like a ship in a fog at the thought of a taxpayer trying not to pay taxes he can legally escape. But it takes the same view of its own affairs that it deprecates in the taxpayer. When the Supreme Court declared the processing taxes illegal, unconstitutional and void, many manufacturers were caught with large tax collections in their hands. They had been compelled to collect them from the consumers. If the Court's decision had upheld the tax, they would have been responsible to the Government. Some were able to pay back the money to the consumers. Some of them have not been able to identify the consumers.

So what?

So the Government took 80 per cent from them as a

**Windfall Tax.** The manufacturers did not own this money. The Government had no moral right to it. It belonged to the consumers. Admittedly it was a difficult puzzle to solve, but what would have been said if an economic royalist had solved the same puzzle in the same way?

### Taxes and the Growing H.C.L.

ONE of the leading experts—perhaps the leading expert in Washington—briefly discussed the matter of taxes:

"I have just returned from a tour through the country. Everywhere business men are complaining of the tax laws. They call them monumental monstrosities, they say they seem to have been hastily written by green-corn savants, they say they create taxable income by fiat where there is no income, they say that the new prohibitions have the same effect as new taxes.

"When the cry begins about the high cost of living, and that cry is now being heard, the Government will no longer be able to fall back on its old charge that the business man is 'incapable.' This time the bug is down the Government's back."

He said that history shows that taxpayers do not evade fair taxes. It is only when they think they are being chiselled, or when the Government is caught wasting money, that they do a bit of dodging.

### Pickaninnies are Losing

FOR some years a group of Washington women have had "penny boxes" for the benefit of some orphaned pickaninnies. Once a year the pennies left over from the weekly marketing are turned over to the colored women who sponsor the little orphanage.

Result: ice-cream in July; turkey in November.

This year the pennies are fewer. Cabbages that once sold for seven cents now cost a dime. Nine cent articles have become ten cent articles. Too bad for the pickaninnies.

### For Goose as Well as Gander

SENATOR NORRIS has not, at the time this paragraph is written, pushed his resolution directing the Federal Trade Commission to investigate the propaganda issued by the utilities. This has always been good for headlines in the past. In the previous investigation "propaganda" was anything from a printed statement of rates to a booklet describing what is and what is not known of electricity.

But on this occasion a rider was attached to the resolution directing that an inquiry be made into the nature of government-paid-for propaganda for government ownership. Mr. Norris seems to have cooled off.

### Some Balm in Slum Gilead

OBSERVERS think that the slum clearance problem may be viewed with some realism. The Wagner Housing bill, they say, is lying cold. The Treasury is trying to make its "fantastic financial features" conform to practicality. It is probable that a Wagner bill will be enacted, but on a reduced and workable scale. Private industry is not greatly concerned over the probability of immediate building competition by the Government. There will probably be a small appropriation, which will be restricted to such social problems as research and technical assistance.

"The Federal housing enthusiasts," the observers say, "have licked themselves."

It is being realized on The Hill that slum clearance is

only one angle of an immensely complicated problem. It cannot be solved by higgledy-piggledy building.

### Eyes of Bankers are upon Them

HEADS of the great lending agencies have learned that the cities are in a state of physical ferment. The new methods of transportation, plus the fact that the cities grew without plan, are forcing the growth of suburbs to the detriment of downtown areas. A pamphlet issue in April, 1937, by the Chamber of Commerce of the United States, notes that some of the present trends are:

Withdrawal of population to suburban areas; emergence of large blighted districts; depreciation of downtown property values, which is accompanied by an impairment of the city's tax structure and increased costs for fire, police and welfare services in the worst of the rundown areas.

In 1935, the non-farm mortgage investments of the principal institutions were more than \$16,000,000,000. The 94 largest cities hold more than 50 per cent of the urban population and their real estate values run to \$70,000,000,000 or more. If these investments and values are to be saved from great loss a comprehensive plan must be worked out.

### Farmers are Better Risks

LENDING institutions are likewise interested in the improvement of finance on the farm. The Farm Credit Administration states that, of the 640,000 loans made to farmers by the Federal Land Banks, totalling \$2,050,000,000, more than 87½ per cent are in good standing. The percentage of delinquency has declined steadily with the advancing pace of business and industry. There were 1,500,000 more persons on the farms in 1936 than in 1930, which means that more of the farm work is being done by the family and less by hired help. This introduces the general complaint that farm hands prefer to work for the WPA rather than get up at four o'clock to milk the cows. Long Island farmers solved that problem by importing colored workers from the South. This leaves unanswered, however, the query why can white farmhands in New York become boondogglers while southern negroes have to trek north to find work. And what do the southern farmers think of it?

### Another Industry Badly Cramped

ONE of the minority blocs that may be heard from in Washington at any moment is that of the car thieves on the southern border. Their business has been practically ruined by the treaty recently signed with Mexico. There was a time when car owners in some of the border cities figured that the cost of the evening movie ran this way:

Tickets	.80
Ice cream for two	.40
Cigar	.10
Stolen car	\$600.00
Total	\$601.30

Cars were run at will over the border. But Mexico learned that this was spoiling the tourist business, which had promised to be good as a result of the new automobile highway to Mexico City. Rather than give up the tourists it was agreed by treaty to spoil the stolen car business. The treaty is along the lines of the one which has been in force for years with Canada.

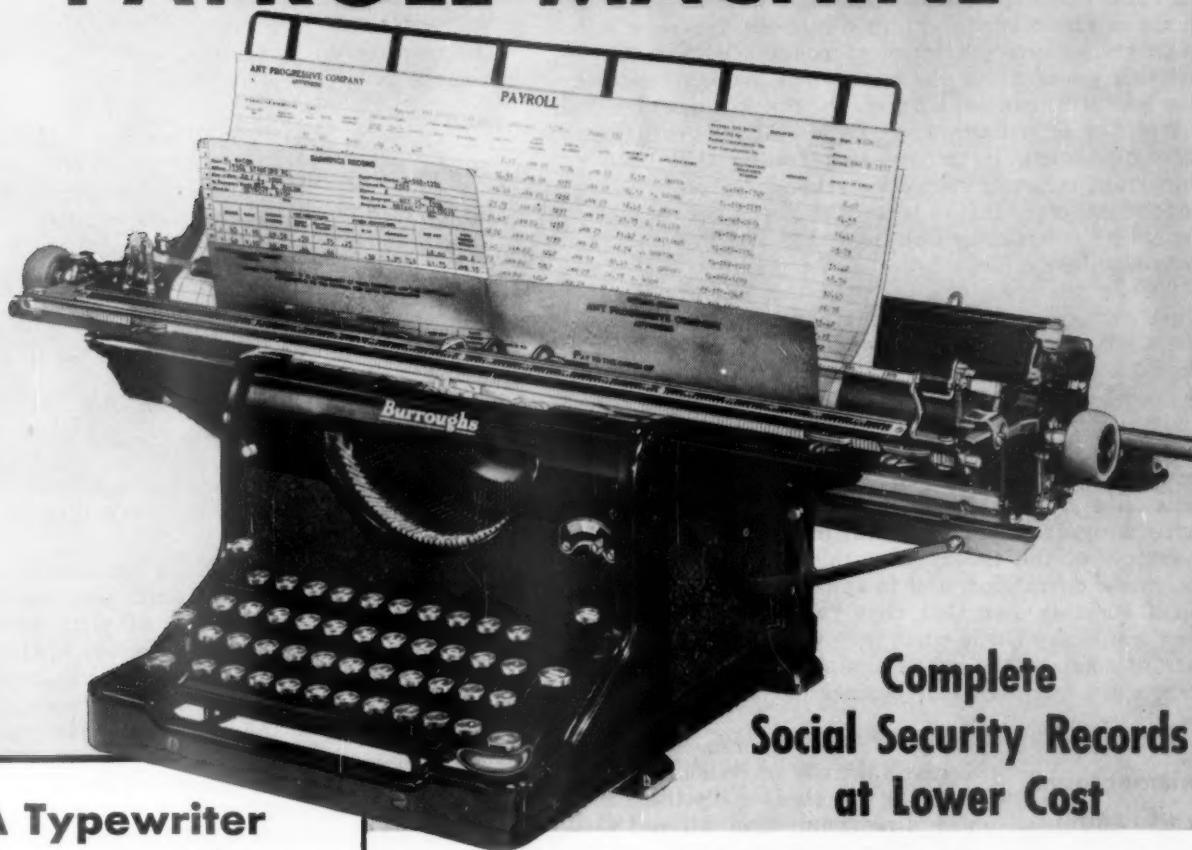
### Rubber Peas and Walnut Shells

IF this explanation had been made by an enemy of the New Deal it would not be so interesting. But the man who made it is right off the top shelf. His visitor had said:

There are 10,000 words in the Black-Connery wage-hour

# Burroughs

## NEW LOW-COST PAYROLL MACHINE



**Complete  
Social Security Records  
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**A Typewriter  
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4 Payroll Records  
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Fast electric carriage return, electric shift to capitals, convenient tabulator control, and many other special features speed up and simplify payroll writing as well as many other jobs. Investigate this and other new Burroughs machines for large and small payrolls. Telephone the local Burroughs office for complete information, or mail the coupon.

**MAIL THIS COUPON TODAY**

BURROUGHS ADDING MACHINE CO., 6007 SECOND BLVD., DETROIT, MICH.

- Send me complete information about the new Burroughs Payroll Typewriter that writes four records in one operation.
- I should like to receive your booklet showing various ways to handle payroll records on Burroughs Computing Payroll Machines and Burroughs Typewriter Accounting Machines.

Name \_\_\_\_\_

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bill. No one knows precisely what it means. There are so many confused and contradictory provisions.

#### The favorite explained:

Cohen and Corcoran wrote it. They have the keenest legal minds I know. They look so far ahead, they see so many possibilities, they provide for so many things that might be desirable in the future, that not many people can understand precisely what may be contained in the bills they write.

He did not mean that a Cohen-Corcoran bill is a hodge-podge. He meant it is a charter.

#### Blue Eagle is Out-screamed

THERE is a disposition on The Hill to consider the Black-Connery-Corcoran-Cohen-wage-hour-bill a test of the mettle of the congressional insurrectionists. Every one agrees that Mr. Roosevelt has lost strength with Congress because of his insistence on his Court bill. His most loyal supporters say so—always, of course, barring the inevitable yes-men. No one knows how much strength he has lost. If he can put through the Black-Connery bill in something of a hurry then he is still in a sufficiently strong position. If the growing feeling that such an important measure should be scanned carefully before enactment—even if it is postponed to the next session—should be accepted by Congress then The President has definitely lost ground.

Among the criticisms are that this bill provides for a greater degree of industrial control than even the old NRA. Its five man board would be appointed by the President, be subject to removal by him, and be practically free of other interference. That board could pop prices up or down at will. It would have the power to control wages and hours, which would not only render the collective bargaining plan—and labor unions—as useless as sails on a farm wagon, but would inevitably result in price fixing. It could manage the intrastate operations of industry on the theory that they have a bearing on interstate operations, and in spite of the assurances to small business men that they "will be taken care of" they would say Uncle when they were told or suffer the fate of some of the rebels against the NRA, who won their cases but lost their businesses.

#### Seismographs are Clicking

ONE of the veteran lookers-on thinks that the wage-hour bill will be held up, along with the President's reorganization bill and various other measures which are believed to have a heavy charge of dynamite. He bases this on the changed position of one of the New Deal senators. He said:

For 20 years the Senator has been my seismograph. He can detect a little tremor among the voters farther than the scientists at Georgetown University. When he speaks out I know that plaster is rattling off the ceilings somewhere out west.

The Senator hit some of the New Deal's plans with a hammer recently. He was followed by Representative Maury Maverick of Texas, who has been an ardent New Dealer, but not merely a sounding board. He said he was tired of having strange people come up to The Hill and tell Congress what to do.

ONE of the evident purposes of the wage-hour bill was to cut down hours and wages. Even on the day it was introduced the putative authors had not agreed. The hours proposed ran from 30 through 35 to 40 a week. In the end, all reference to time was cut out.

But Dr. Harold G. Moulton of the Brookings Institute, has declared this is not the way to gain prosperity and happiness. If we can get back to the productive level of

1929 more than 8,000,000 more workers can be used on a 43 hour week basis. Then the land would flow again with milk and honey.

#### Government as a Manager

THOSE who urge government ownership of the utilities and other highly technical industries which can only operate profitably if the management has experience and skill might be interested in the financial dealings of the AEF with Government. An official of one of the veterans' organizations says:

A. The Government still owes the heirs of many veterans who fell in action for the sums paid in on Liberty bonds for which they subscribed and that;

B. The Government still owes other heirs thousands of dollars in paid-for insurance. No determined effort has ever been made to locate these unfortunate debtors.

The utilities do better in their dealings with their customers.

#### So We're Coming After Sweden?

IN THE American Swedish Monthly, Nabor Hedin comments on the old age pension plan in Sweden. He remarks that "similar Swedish advances in the past have been closely followed by the United States," and that therefore the new progress merits close attention.

Old folks in Sweden are pensioned on a graduated scale, fixed by the urban and rural costs of living, and if and when they need it.

It does not appear from Mr. Hedin's statement that 250,000 more clerks will be needed to keep track of possible beneficiaries, or that pensions are to be granted in the United States not on a basis of need but of past employment. Perhaps it is Sweden's turn to catch up.

#### Tailings

NOTICE to graduates who need work; it is still possible to organize a business of your own. Several groups are doing well with mortgagors to the HOLC. A down payment of three dollars and two bits a month thereafter keeps a lobbyist constantly at work on The Hill, trying to soften the interest and repayment conditions for money borrowed from the Government. Of course, John C. Fahey, chairman of the HOLC, does not like it. But it looks like mighty easy money. But pick your own field. The HOLC and the Social Security Administration are be-spoke.... Congressman Marvin Jones to Secretary of Agriculture Wallace: "This farm bill would cost \$900,000,000 or more each year. There's no such money lying around."

Wallace: "No. There's no such money—But—" Jones: "You furnished the figures yourself."

Best guess. The farm bill will be dangled on every kind man's knee for a time. Then passed to the next session. . . . Wags at the Capitol link members of Congress by calling the wage-hour bill the Corcoran bill. . . . Government employees have organized a campaign against "False Economy." . . . A manufacturer at the wage-hour hearing was told that if he didn't like the proposed law he could have his lawyer write a better one. "He can't," said the manufacturer. "You see, he's a constitutional lawyer."

#### That off-the-Record Speech

P. M. G. FARLEY talked "off the record" about some of the senators;

"When they begin to want something for their states they will come around," he said.

It made a stir. Farley's friends defended him on the ground that his talk was "off the record." "Off the record" utterances can be usually accepted as sincere.



## Foresight Wins

**O**F CHESS, Benjamin Franklin wrote—"Several very valuable qualities of the Mind, useful in the course of human Life, are to be acquir'd and strengthened by it." Foresight he mentioned first.

Certainly there is one occasion in life where planning and foresight are necessary—that is when a man becomes head of a family and faces the responsibility for the future of his wife and children.

If you plan your financial affairs as skilfully as the expert does his chess game, you will find that you can fortify yourself and

your family against misfortune and want.

A Life Insurance Program started early and planned carefully is your wisest move in the uncertain game of living. It will afford your wife a sure income and untold peace of mind in case she is left alone to bring up your children, and it can give you security during your retirement years.

An experienced and understanding Metropolitan Field-Man will be glad to help you work out the Program best suited to your needs. Telephone your local Metropolitan office or mail the coupon.

*The Metropolitan issues life insurance in the usual standard forms, individual and group, in large and small amounts. It also issues annuities and accident and health policies.*

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# No Business Can Escape Change

**Business initiative, so long  
as it is free, will make new  
products for our aid**

**1 • A STOP-WATCH** for wrist wear has special scales to show the number of units per hour, including miles per hour, after timing one unit. It has a time-out button, non-magnetic hairspring, and stainless steel case, as well as a dial and hands for ordinary time-keeping....

**2 • ENVELOPES** follow each other in a long string through a typewriter when held by a new paper harness. The harness holds by its method of folding and is easily discarded when the envelopes are stuffed....

**3 • A FAN-COOLED** yet enclosed squirrel cage motor is protected against abrasive dust, moisture and corrosion. It has both internal and external air ducts with a heat interchange between them....

**4 • A NEW transparent umbrella** makes for safety. It's made of a rubber material which is waterproof....

**5 • A NOVEL device** to facilitate automobile steering is said to prevent road shocks—blow-outs and obstructions—from turning the wheels, without interfering with normal turning. It's hydraulic....

**6 • FOR SAFETY'S sake** a push-button station for machinery has the stop button longer and larger. Shaped like a mushroom, it's easy to find in a hurry....

**7 • A RUBBER compound** for coating pipes and tanks and for other uses requires no separate primer. Applied as a liquid, it is self-vulcanizing and cold-curing. It insulates, waterproofs, and stops corrosion by alkalis and mild acids....

**8 • A CEMENT** for tanks of petroleum products and for similar uses is plastic when applied, hardens like concrete, is waterproof, non-soluble in petroleum and doesn't discolor its products. It is applied cold and withstands temperatures up to 350°....

**9 • PAPER CONTAINERS** for lubricating oils may now be coated inside with an oil-resistant lacquer which makes them leak-proof and also allows the oil to drain more readily....

**10 • A WASHCLOTH** made of paper and treated with soap is particularly useful in traveling. It's recommended for bath, dishes, or windows and may be dried out and used again....

**11 • A PNEUMATIC** polishing head aids the polishing of new paint jobs on automobiles or similar work without danger of injury to the finish. Lamb's wool, felt or cotton covers may be used....

**12 • FOR PULLING** terminals off corroded batteries there is a new tool whose jaws screw tight, then plenty of power is available by turning a larger screw. It's adaptable to pulling small gears, too....

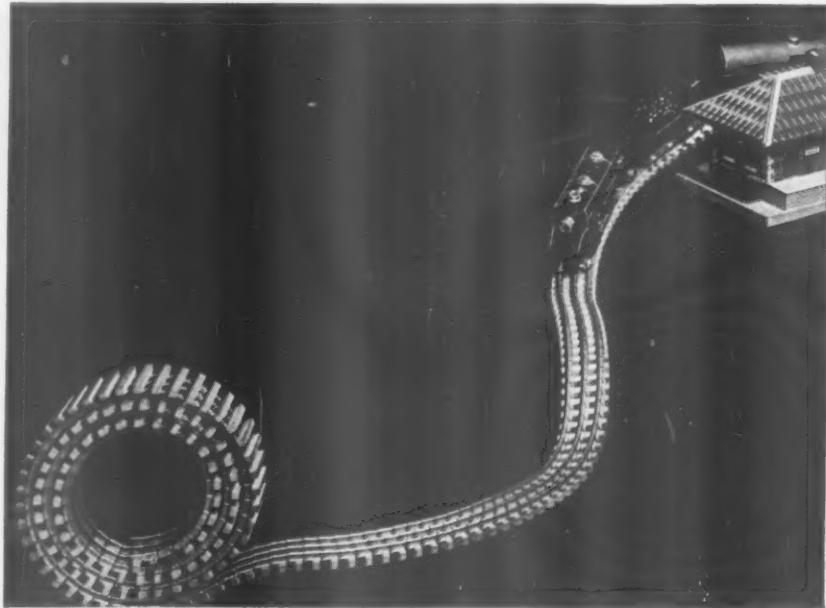
**13 • RUBBER WITH** minute nitrogen bubbles sealed in is soft, lighter than balsa wood, yet waterproof. It's being adapted to cushions, mats, padding for uniforms, and insulation. It's easily cleaned and vermin proof....

**14 • INCANDESCENT LAMPS** said to have ten per cent greater efficiency are made possible by a new method of coiling the filament. A tungsten wire 20 inches long is, by double coiling, reduced to a length of  $\frac{1}{8}$  inch and diameter of 0.031 inch....

**15 • A BLACK primer** for metal sheets that are to be spot-welded prevents rust (particularly where the pieces are to be stored for some time), and conducts electricity so that a quicker weld without disturbing the surrounding painted area is made....

**16 • ELECTRIC POWER** out of doors for portable machinery and lights in garden or lawn is now available, without stringing long cables, through a weather-proof plug-in outlet. A flick of the finger raises the cover....

**17 • FOR ELECTRIC** cable there is now a synthetic insulating compound which is non-combustible and highly resistant to moisture, acids, alkalies, and oils. It has a permanently smooth finish to which foreign materials do not readily adhere....



**22 • A NEW type track** for toy electric railroads is flexible both vertically and horizontally, making unusual curves and grades possible. In long sections, it can be rolled up to put away, has wood ties, will support a man's weight without bending out of shape, and connects to regular track sections....

**18 • WORK GLOVES** with a synthetic rubber coating are not affected by oils and greases. They are said to offer a good grip, warm in winter, yet cool in summer....

**19 • A GREASE** compounded with lead powder is said to cut down wear markedly in certain heavy-duty bearings. The lead also fills out uneven parts in shaft and bearings....

**20 • RUST PROTECTION** for metals is available in a bath process similar to etching but with no consequential change in dimensions, even of screw threads. The treatment makes unnecessary a paint primer....

**21 • HACK SAW** blades with increased speed and more easy cutting are possible by using a progressive increase of the pitch and height of the teeth from toe to heel....

—WILLARD L. HAMMER

**EDITOR'S NOTE**—This material is gathered from the many sources to which NATION'S BUSINESS has access and from the flow of business news into our offices in Washington. Further information on any of these items can be had by writing us.

# Only Years Bring Success

Juggling is a simple thing to understand . . . but it takes years of practice to do it well. To have a hand meet each flying object at just the proper instant requires control . . . unfailing control . . . and that is always more difficult to achieve than it appears. In America's factories, for instance, are millions of smaller electric motors whose duties are relatively simple, clearly understood. It might seem that almost any kind of Motor Control would prove satisfactory for them. But that is not true. Some of Cutler-Hammer's greatest contributions to time-saving, cost-cutting machine performance have been in the field of smaller motor control. Executives and production men who have taken the time to carefully compare and test *all* makes of Motor Control are most insistent on Cutler-Hammer for every electric motor drive. Any user of electric motors will do well to follow such a course. CUTLER-HAMMER, Inc., Pioneer Manufacturers of Electric Control Apparatus, 1251 St. Paul Avenue, Milwaukee, Wisconsin.



## CUTLER-HAMMER MOTOR CONTROL

### What Is Motor Control?

Motor Control has no one form. Whether it is a little device like the cold control on your household refrigerator or an entire balcony of panels as in the steel mills, it starts, stops, regulates and protects motors to save time, trouble and expense. The name Cutler-Hammer is its greatest guarantee.



# Defeating the High Cost of Living

By GEORGE T. TRUNDLE, Jr.

President, the Trundle Engineering Co.

DURING 1936, business experienced a vigorous upturn.

But will this upturn continue? What can business do to assure a steady upward trend?

In my opinion, the one brief vital answer to this question is:

Maintain a proper margin between wages paid and the cost of living.

By "the cost of living" I do not mean what people actually spend. I mean literally what it costs to live. To keep alive, a family needs food, clothing, shelter, and little more. In case of necessity, the bare cost of living can be squeezed down to a surprisingly small amount. But, if we are to maintain continuing prosperity, we must somehow contrive that a great majority of people will be able to get more out of life than these bare necessities. The all-important element is the margin of buying power remaining after these basic wants have been met.

Now, of course, there are two ways of assuring this margin. One way is to raise wages—the other, to lower prices. I think we should try to do both.

A large number of our more important industries have already granted substantial wage increases—and I believe that it is highly necessary that other businesses, whose basic wage rates are still so low as to be out of line, bring these rates up to proportionate levels.

But not enough effort is being made to keep prices down. We are in danger of letting the psychology of a broad price upturn run away with us. Unless we manage to keep prices down, wage increases will not insure the margin of buying power which should be our basic objective.

I belong to a firm of management engineers. Our business consists largely of establishing methods and policies whereby more profits may be realized from business enterprises. It may, therefore, seem strange that I should recommend not only higher wages but lower prices.

I do so because my experience has taught me that the all-important



IF prosperity is to continue, the great body of workers must be able to buy the products of industry. A means of making that possible is suggested here

item to be considered in seeking business profits is not costs, but markets.

Of course, costs are vital, but if a business cannot get markets, its costs become a secondary matter. The fact is that, if a business cannot get markets, it will collapse altogether.

## Large markets are necessary

THIS question of markets has become, in the past 20 years, infinitely more important than ever before.

Today, in the United States, manufacturing has been set up largely on the basis of mass production.

Mass production, in turn, depends upon mass markets.

Volume is the very breath of life to mass production.

The methods and machinery chiefly used in business today are pred-

icated upon the existence of large volume.

Consider, for instance, a plant geared to produce 100,000 units a month. This plant will probably lose money on a volume of 70,000 units a month, may break even at 90,000 units a month, and will make money at 100,000 units a month. In other words, the profit possibilities of this plant depend upon the number of units exceeding 90,000 it can sell each month.

This has long been an established principle with respect to mass production methods now in vogue in the United States. It is true with respect to the great majority of our business enterprises—up to a point where increase in volume may make an entirely new set-up in plant and equipment necessary. This possibility does

## PROBLEM: SOCIAL SECURITY FIGURE WORK

SOLUTION:

### *New Simplified PAYROLL METHOD*



FOR USE IN CONNECTION WITH  
THE SOCIAL SECURITY ACT

**O**UTMODED figure-work methods can't cope with modern figure-work problems resulting from Social Security legislation.

- The "Comptometer" Payroll Method, devised by our research staff, provides for recording employee records with respect to earnings and deductions of all kinds. This thoroughly up-to-date method is simple, economical and flexible.

Executives who look for accuracy with speed, adaptability with economy in handling large or small figure-work routines will find information of great interest in the illustrated six-page folder shown above. Requests entail no obligation.

- For your copy, write (on your firm's letter-head) to the Felt & Tarrant Mfg. Co., 1712 North Paulina Street, Chicago, Illinois.

# COMPTOMETER

Reg. U. S. Pat. Off.

not ordinarily happen to most industrial enterprises within the range of one or two years.

The vital point to bear in mind is that these conclusions hold good, even if the price of the product remains the same or is actually lower! There are countless cases which prove that a lowering of price, which in turn has increased volume, has led toward corporate profits beyond all expectations.

We cannot get away from the fact that the wage earners of the United States constitute the real market for our products. We simply cannot separate employees and mass markets. They are the same thing.

A simple reference to income statistics will show that the people of higher incomes—those in salaried positions or enjoying the benefits of inherited wealth—cannot exhibit a broad enough buying power to sustain the major businesses of this country. It is the rank and file of our wage earners who supply the broad markets upon which we chiefly depend.

Now what permits these people to buy? What persuades them to buy?

Buying depends upon two things—willingness to purchase and capacity to purchase.

The willingness to buy is purely a psychological proposition. It has to do with confidence in the future.

Today the majority of the people of this country are confident that they will be cared for at least as far as the essentials of existence are concerned. Therefore, they feel free to get some of the comforts and conveniences which they have always wanted.

So much for the willingness to buy. But to translate this willingness into sales, employers must see to it that the rank and file of the buyers likewise have the capacity to buy.

Let's look at this picture from a purely factual standpoint. The cost of commodities is going up. The basic cost of living is going up. The causes of this are beside the point, but the fact remains that people must have larger incomes if they are to have enough margin, after meeting the bare cost of living, to enable them to buy the comforts and conveniences which represent the major share of business in this country.

This means that, un-

less workmen get more than the well publicized "living wage," American industry might as well fold up.

If American workmen got only a living wage and no more, the automobile industry, the refrigerator industry, the vacuum cleaner industry, the washing machine manufacturers, the movie and radio makers, and thousands more, would go out of existence. American business has not advanced by supplying mankind with the essentials of existence. It has progressed by supplying the non-essentials.

During the depression, practically the entire country still possessed the essentials of existence. But it was not until some people who had regained confidence, or whose desires had become extreme, insisted upon once more getting the non-essentials, that business began to emerge into typical American prosperity.

We have built in this country a civilization founded upon the premise that there is no limit to human desires. To make this economic machine work, and produce profits, we must somehow contrive to make it possible for an ever increasing number of American households to get more and better things.

To do this, we must assure the willingness to buy in terms of confidence in the future, and the capacity to buy in terms of lower prices or higher wages.

Today we face the hard fact of rising costs of the bare necessities of living. As a matter of pure self-pro-

tection, wages sufficiently high to offset rises in basic commodity costs are necessary. Many major businesses have granted such increases. Others should take similar steps. At the same time we must work harder to keep down the prices of our finished products.

### Wages must line up with prices

THE employer who considers this problem may be inclined to say:

"I agree with all these premises—but it so happens that in our particular business we cannot raise wages and we cannot reduce prices."

Of course, if all employers follow this line of reasoning, wages which are now too low will not be raised; prices that could be held at present levels will not be held at these levels; the willingness and the capacity of people to buy will not be sustained; markets will dwindle; the benefits of mass production will fly out the window; and we will face once more the same type of downhill cycle that began in the fall of 1929.

It is up to the employers to prevent the present upward spiral of wages and prices from burning itself out in a temporary boom which may be followed by depression.

This is not an impossible job. On a long-term basis our major industries have done even better than that.

The economic history of the United States shows that those industries which have raised wages and reduced the cost of their products to the consumer have been the ones which stepped farthest ahead in the last decade and have been among the first to lead the way out of the depression.

Typical of such industries are automobiles, steel and rubber.

Suppose we summarize briefly the wage and price record of these industries.

In 1923 sheet steel sold at \$100 a ton and the average hourly wage of the men who made sheet steel was 59 cents. Today the men who make sheet steel average 83 cents an hour and sheet steel sells for \$62 a ton.

In 1927, when skilled automobile workers were getting an average of 72.6 cents an hour, an ordinary small car cost about \$861. Today you can buy a car of a comparable size for \$697 and the men who make this

## What's Coming in August



### Counting the Countless

By Kenneth Coolbaugh

Everybody admits that we need a census of the unemployed but the mere fact that a census has been taken will not necessarily mean anything. A man of wide experience in the labor field explains the difficulties of counting the unemployed and some of the dangers that may follow too literal acceptance of whatever figures are produced.

### How to Lick the Rackets

By Herbert Corey

New York was the most racket-ridden city in the country until it hired young "Tom" Dewey to direct the clean-up. Dewey found a method that proved successful. This article, written after discussions with Mr. Dewey, will suggest how other cities may solve the same problem.

### Romance Versus the Boss By Marjorie Holmes Mighell

A secretary's view of the six men for whom she has worked, with some advice to worried or jealous wives and, for business men, some advice as to what not to do if you would be a hero to your stenographer.



## THESE TRUCKS CLIMB MOUNTAINS, CROSS DESERTS, BUT ALWAYS KEEP ON SCHEDULE

*Lowell Thomas*



### KC-LA FLYERS REPORT NO SIDEWALL FAILURES WITH GOODRICH SILVERTOWNS

by Lowell Thomas

Radio News Commentator and World Traveler

"I'd heard a lot about cross-country motor freight but I was amazed when I learned the story of the KC-LA Flyers. They have 40 big trucks pounding the highways night and day. Running daily through service between Los Angeles and Kansas City—a distance of 1883 miles. Near Needles, Calif., trucks climb from 90 feet below sea level to an altitude of 6000 feet in 30 miles. They wind their way up 3000 feet in the last 7 miles—one of the most difficult climbs in the country.

"All in all they travel more than three million tire-killing miles annually.

"Yet these trucks run on train schedules. And schedules are always maintained. They tell me they've never had a premature tire failure with Goodrich Triple Protected Silvertowns."

And Lowell Thomas can tell you more of the grueling, grinding punishment that Goodrich tires take on the runs of the KC-LA Flyer Transport

Company. How they fight snow in the mountains, blistering heat in the desert, how they roll up high mileage that means low tire cost.

You can get the same story from truckers everywhere. On the hardest hauls, on the tire-torture runs, Silvertowns are first choice. They stand up where other tires fail because of Triple Protection. This Goodrich invention actually checks 80% of premature failures! It makes tires run cooler. It adds mileage on any kind of haul.

Only Goodrich gives you this 3-way protection:

**1 PLYFLEX**—distributes stresses throughout the tire—prevents ply separation—checks local weakness.

**2 PLY-LOCK**—protects the tire from breaks caused by short plies tearing loose above the bead.

**3 100% FULL-FLOATING CORD**—eliminates cross cords from all plies—reduces heat in the tire 12%.

But Goodrich charges no premium for this tire! You get Triple Protected Silvertowns at regular prices. The extra service is your saving. Why not call a Goodrich dealer right now?



A KC-LA Flyer stops at a New Mexico Indian Reservation

# Goodrich *Triple Protected* Silvertowns

SPECIFY THESE NEW SILVERTOWN TIRES FOR TRUCKS AND BUSES

car are averaging about 81.9 cents an hour.

In 1927 when you paid \$11 for a tire, tire builders were getting about 90 cents an hour. Today tire builders are averaging \$1.30 an hour, but the tire for which you used to pay \$11 now costs only \$10 and it will carry you more than twice as far.

### Working for low prices

THE profit producing principle of American business is one of holding down consumer prices, broadening potential markets, increasing volume—and at the same time assuming a proper responsibility toward public buying power by maintaining wages at a high level.

This is not a matter purely of markets, purely of products, purely of machines, purely of cost accounting. It involves a coordination of all

these things. In short, it comes back to management and, even in these times of rising basic commodity costs and a general upturn in wages, it is still possible and profitable in most cases for businesses, through proper planning, methods, equipment and management, at least to hold prices to present levels.

Rising wages are not new. On a long-term basis they have been going on for years. They have been the rule ever since the bottom of the depression. As management engineers we have had a great deal of practical experience with this wage and price problem.

In 1930 a company manufacturing kitchen utensils was having difficulty. The first step in pulling this company out of the red was to improve planning and methods which permitted increasing wages by better than 30 per cent—at the same time main-

taining prices at bottom levels. With the wage increase, productivity of workers mounted immediately. With a good product, at low prices, sales increased. Within a short time the company was on its feet.

In 1932, a company manufacturing working clothes for factory employees faced serious difficulties. Here again better methods and controls permitted a large increase in wages, still keeping prices at bottom levels. The result was better workmanship, more productivity, a better product at the right price. Volume practically tripled, and for the first time in years the company began to show a profit.

About a year ago a company manufacturing commercial refrigerators increased wages ten per cent, but prices were kept down. Volume increased 30 per cent. Result—better profits.

A company manufacturing engines has increased its wages 15 per cent in the past year, but has held its average sales price down to previous levels. It has enjoyed a remarkable sales increase and better profits.

A washing machine company cut hours from 59 to 40, but paid the same amount for 40 hours that it previously paid for 59. This jumped the wage rate to a point where it was 35 per cent more than that of their competitors. Yet they continued to hold down the price of their washing machine. Sales increased, with commensurate profits.

### Priced for sales and profit

A RADIO company was started in 1936. From the outset, this company decided that it must pay good wages—and at the same time its prices must be equal to, or lower than, those of its competitors. It succeeded, in spite of high wage rates, not only in meeting competition with respect to prices, but in going competition one better with respect to design of product. Bankers interested in the financing of the company said, "You are selling your product for too little by comparison with your competitors." The company stuck to the low price. The result was that it got a big volume of sales and made money.

These things are not done by speeding up workers. They are a matter of planning, of methods, of equipment—in short, a matter of management.

Direct labor actually represents a much smaller proportion of the individual manufacturing cost of the finished product than most people realize. Government figures show that labor, in the average industrial plant, accounts for only about 17

(Continued on page 109)

## BELLRINGERS



### A New Way to Use Industry's Tools

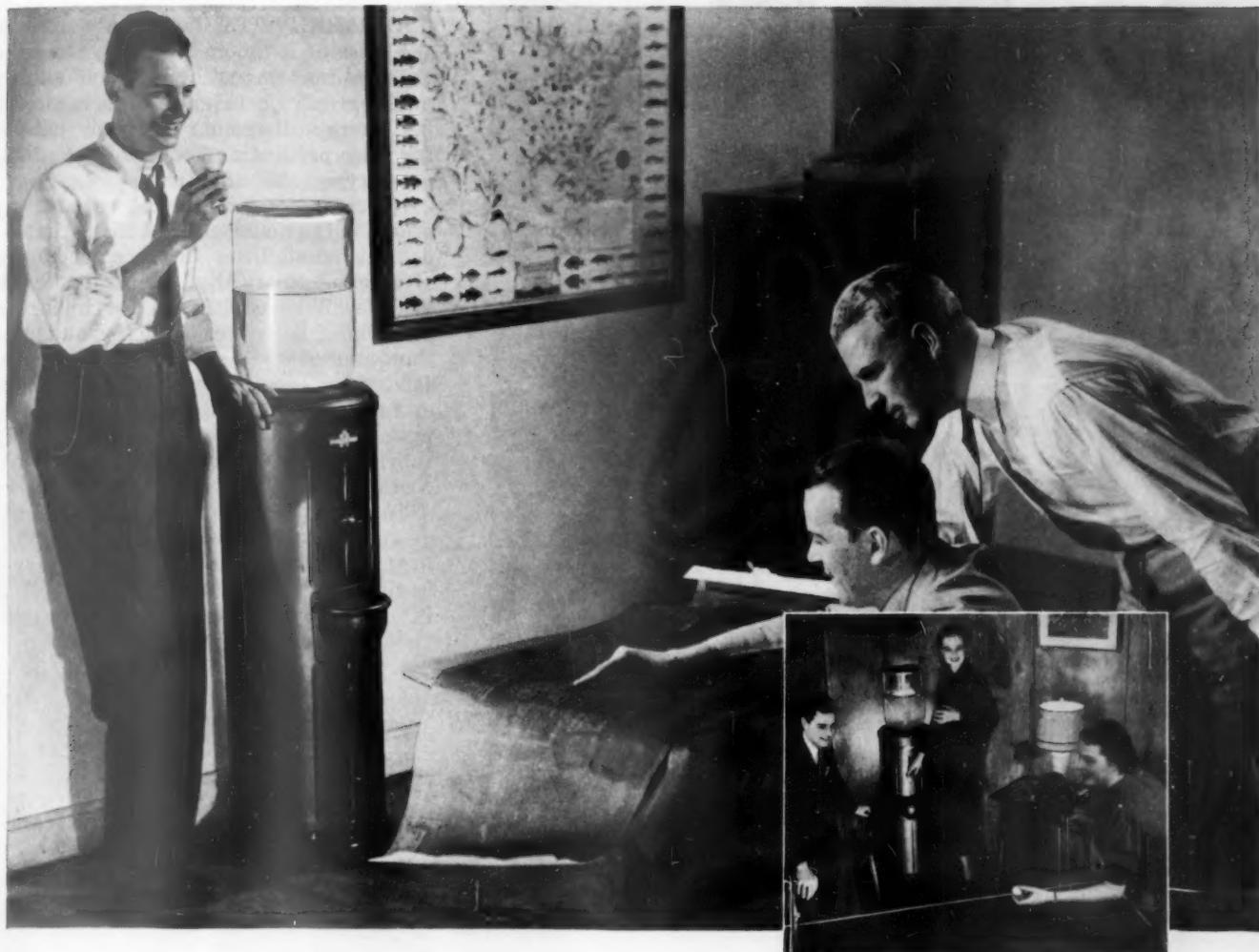
CHURCHES of many kinds serve many creeds, but here is what is believed the first church of its type ever built. It is constructed of steel, erected and joined together entirely by electric welding.

To build the church, six half circles of steel plate, shaped in the form of the church roof and fabricated by electric welding with trusses like that at front of church, were delivered to the site and placed on brick foundation. These sections are those at the ends of the church

and between the windows. To complete the roof structure, curved steel plates 3/16 inches thick and four feet wide were electrically welded between and to the large sections. Total cost of the steel work, including designing, fabrication and field erection, was \$2,000.

The photograph is by courtesy of the James F. Lincoln Arc Welding Foundation which has set up a fund of \$200,000 to be used as awards in stimulating scientific study of arc welding and its uses.

# OFFICES AND HOMES CAN NOW HAVE FRIGIDAIRE-COOLED WATER AT LESS COST THAN OLD WAY METHODS



*15¢ a day buys it...as little as 2¢ a day runs it!*

## NEW FRIGIDAIRE WATER COOLER WITH THE METER-MISER

• Every office and home can now enjoy the many advantages of a modern Frigidaire water-cooler at less cost than old-way methods! For Frigidaire has introduced a most remarkable new water cooler, outstanding in performance and economical operation, at the lowest price in history.

This new Frigidaire Water Cooler aids health and comfort by making an abundant supply of cool, refreshing water always conveniently available. Yet operating cost is cut to the bone. Every one of these coolers has the famous METER-MISER, simplest refrigerating mechanism ever built. It is exactly the same

miraculous, current-saving unit as used in Frigidaire refrigerators. It is built and backed by General Motors, and comes to you with a 5-Year Protection Plan against service expense.

What's more, this new Frigidaire Cooler offers dozens of other advantages never before available at this low price: Easy cleaning, fast cooling, Cold Control temperature regulator, "Freon-114," the safe refrigerant, used only by Frigidaire, and many other exclusive features.

This beautiful cooler may be had in a choice of Bronze or White Duco finish. Available for either Bottled Water

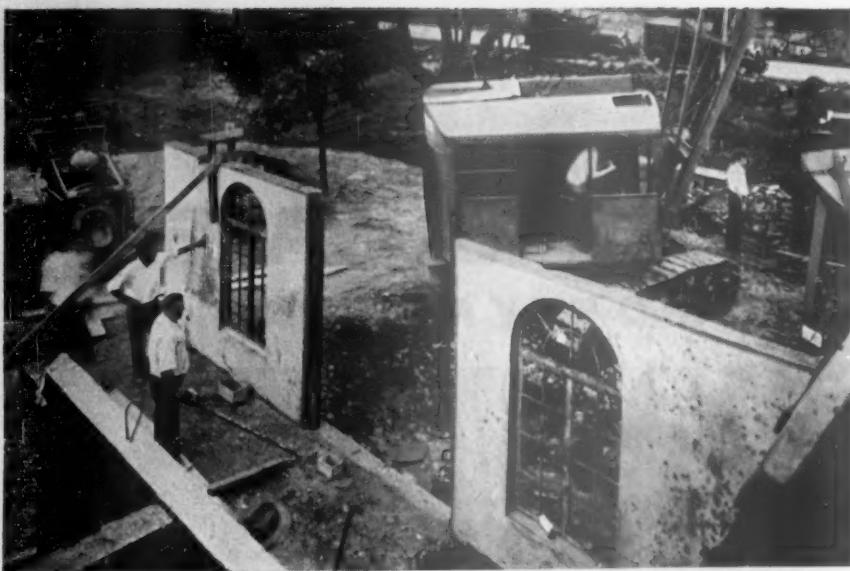
or City Pressure Connection. Remember—15 cents a day buys it...as little as 2 cents a day runs it!

See this cooler at your nearest dealer's store. There is Frigidaire water-cooling equipment for every need. Write for Free Booklet describing the full line. Address Dept. 66-7, Frigidaire Division, General Motors Sales Corporation, Dayton, Ohio.

Every Frigidaire water cooler with the Meter-Miser carries a 5-Year Protection Plan against service expense on the mechanical unit.



DRINK FRIGIDAIRE-COOLED WATER FOR BETTER HEALTH...GREATER EFFICIENCY



**Concrete panels that weigh a ton or more are placed in position by derrick—shell of a 5-room house can be erected in 2 days**



**Pre-cast concrete joists, panels and floor slabs may be manufactured near by or shipped from long distances**



**Lumber mills are engaged in production of fabricated walls for homes and hard-wood floors made in sections to be laid like tile**

## Prefabrication

**P**REFABRICATED houses are not yet in the class of a "boom" industry. In spite of the need for low cost housing and giant promotional efforts to encourage home building, there still remain too many handicaps for mass production houses of the prefabricated type to fill the breach.

Nevertheless prefabricators and many others in the housing field believe that it has definite possibilities for forming the basis of a new industry that, within two or three years, will be capitalized for hundreds of millions of dollars and employ hundreds of thousands of workers. The more enthusiastic foresee an even earlier boom if high labor and material costs continue to stymie traditional housing while mass production of prefabricated parts continues to lessen the cost of a ready-built house.

Taking into account all of the factors involved, it seems possible that within the next year or two, for the person who wishes a single house on an individual lot, prefabricated houses, or certainly houses in the



**Lumber is cut in units that can be handled by one man. House made ready for occupancy in less than a month with minimum of labor**

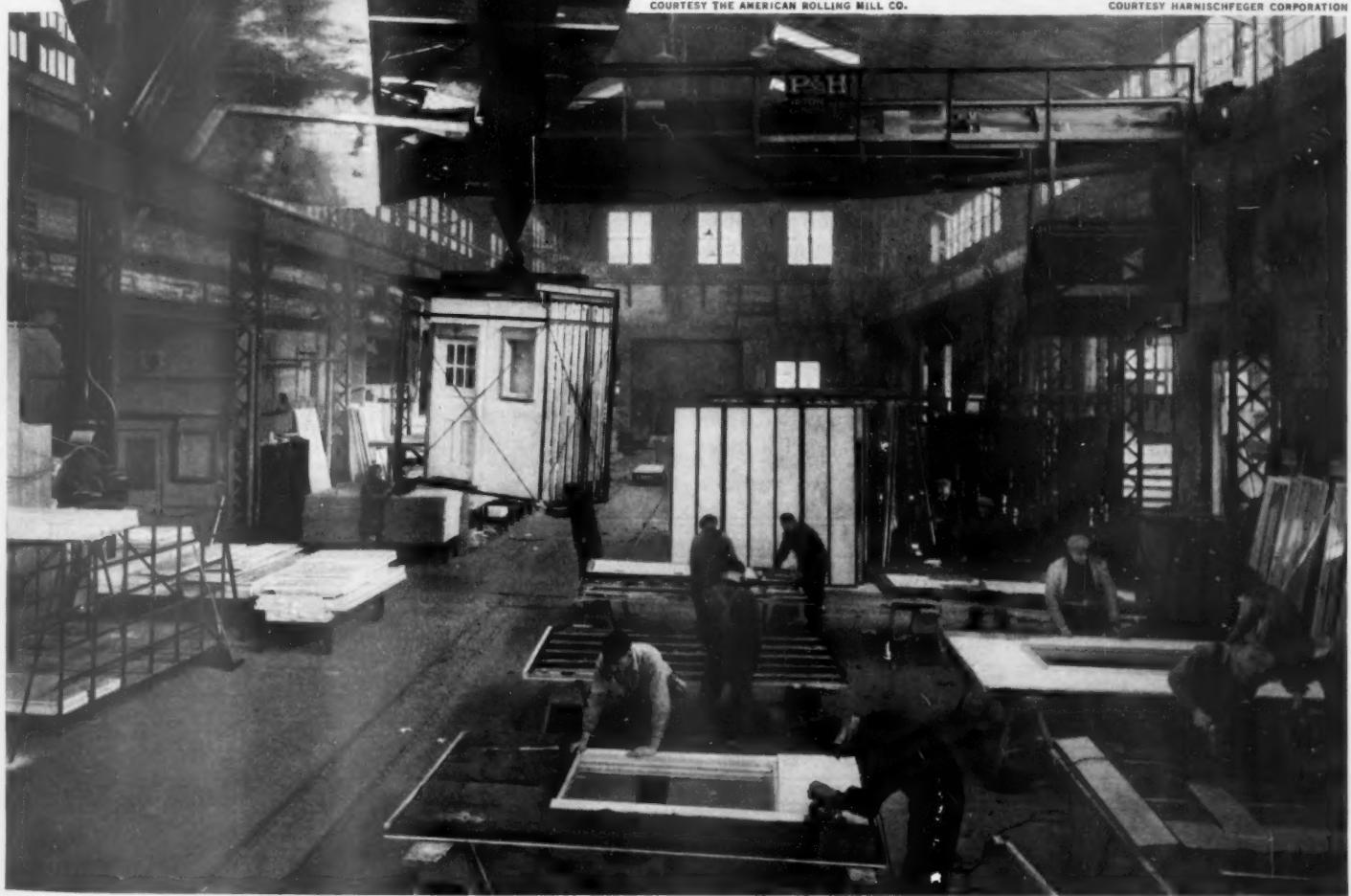
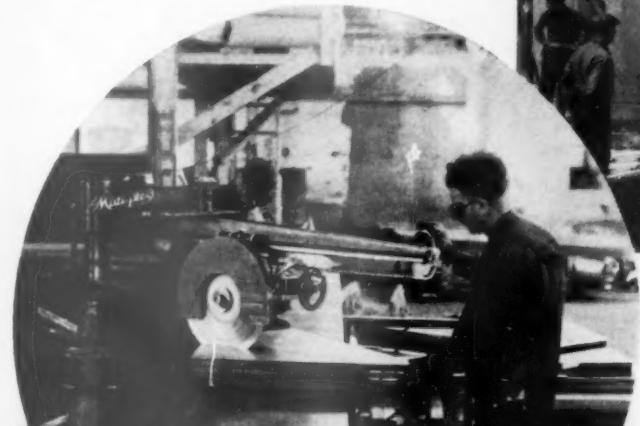
COURTESY  
FOREST PRODUCTS  
LABORATORY

# Tempts the Home Builder

class under \$5,000 which have benefited by the present strong trend toward standardization and mass production of materials, will in many sections of the country be a better buy than the traditional type.

Up to date, the prefabricated house has not been the answer to the low cost housing prayer. Prices vary according to local con-

(Continued on page 102)



COURTESY THE AMERICAN ROLLING MILL CO.

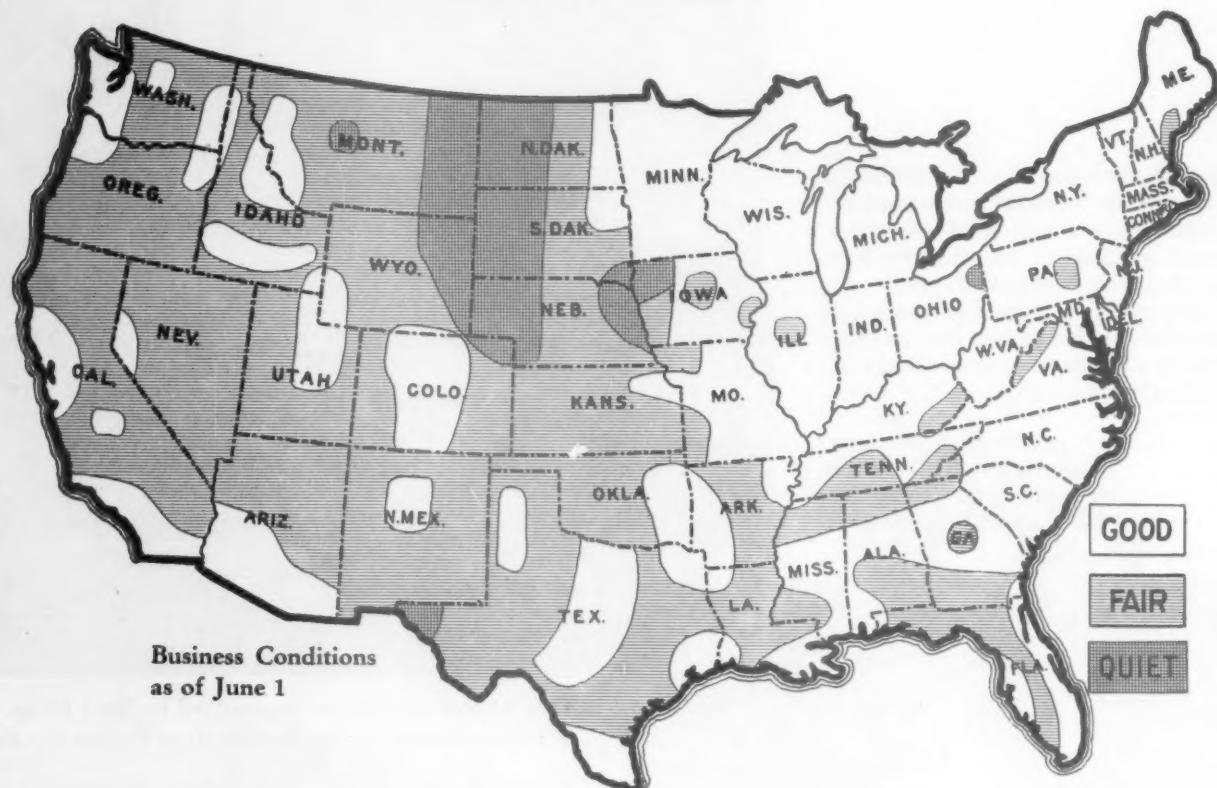
This 5-room steel home constructed by Steel Bldgs. Inc.  
A 3 room steel house has been built at Purdue for \$2,200

Left: Cutting a steel wall panel. Below: Constructing wall panels, two layers separated by furring strip

COURTESY HARNISCHFEGER CORPORATION

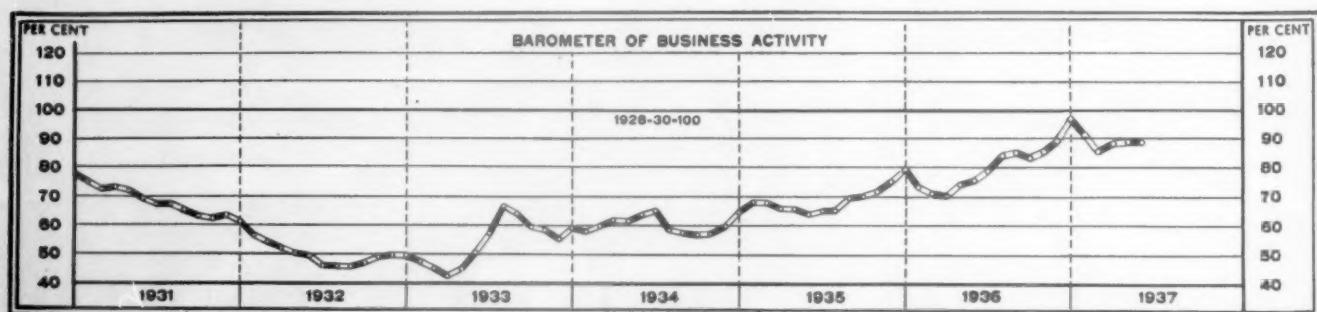
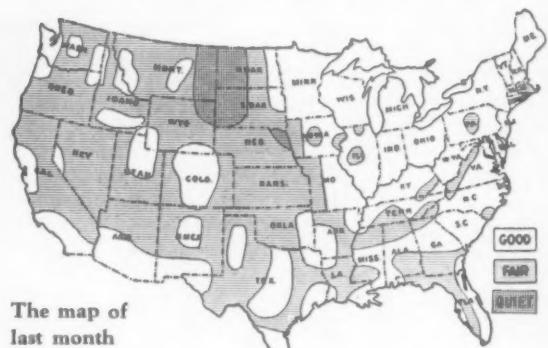
# The Map of the Nation's Business

By FRANK GREENE



WITH more time to consider the full meaning of the quieting down that occurred in April and May, a more cheerful view seems to be taken of things generally. Inquiry at some 125 cities reveals that the reduced buying was not so great as some feared. The early date of Easter apparently prevented a full expansion of retail buying, which later sought expression in a more orderly fashion. This was reflected in expanded retail buying and a gain in collections in May. On the other hand, the reduction in wholesale buying was not great. Manufacturing held up and, in addition, the Barometer chart of Business Activity shows almost a flat line during March, April and May. Steel production, car loadings and electric power output all increased in May. Business failures were almost identical in number with a year ago but liabilities were smaller. Bank clearings gained 6.6 per cent over May a year ago. The commodity price index showed a further drop of 1.5 per cent.

High prices and scant supplies have proved a marked stimulus to early planting of food crops which have profited by good growing conditions



The relatively high level of industrial and business activity during May is reflected in the practically unchanged Barometer chart line



*Steaks that melt in your mouth  
-thanks to Mr. Atteberry and the Sugar Beet*

**M**AYBE tonight you'll eat a steak that Fred M. Atteberry raised with the help of sugar beets out at Mitchell, Nebraska. If you do, it's going to be delicious, for steers fed by Mr. Atteberry usually bring a premium price for quality in the largest livestock markets. And the basic feed used in growing this superlative beef is a by-product of the sugar beet.

Fred Atteberry was a small-town druggist. He left his pharmacy to grow sugar beets. Like thousands of other sugar producers in a third of our states, he established himself as a cattle feeder, fattening hundreds of cattle annually, using his farm feeds with rich sugar beet by-products: dried molasses beet pulp—which approximates corn in feeding value—and beet tops, which practically equal hay. Fattening cattle restores rich fertilizer to Mr. Atteberry's soil. Scientific rations, developed separately for each lot of cattle, develop the choicest cuts of beef. Thanks to the efficiency of the beet in the animal cycle, waste is minimized.

Mr. Atteberry will be the first to tell you that his success as a cattle man is based on sugar beets.

Producing better meat is just one of the many accomplishments of the sugar beet, described in a booklet, "The Silver Wedge," sent on request.

An industry engaged in developing American natural resources, improving American agriculture, and supplying American markets with an all-American food product



Mr. Atteberry's steers have topped the Chicago market so many times that his name is a by-word in packing circles—and underlying his success are beet fields like this, which grow meat as well as sparkling white sugar.

# UNITED STATES BEET SUGAR ASSOCIATION

843 GOLDEN CYCLE BUILDING

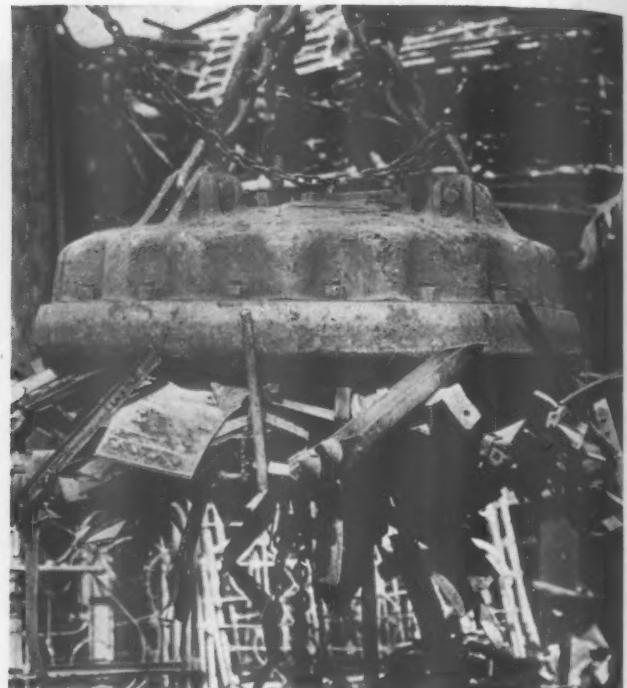
COLORADO SPRINGS, COLORADO

## Waste Begets Thrift

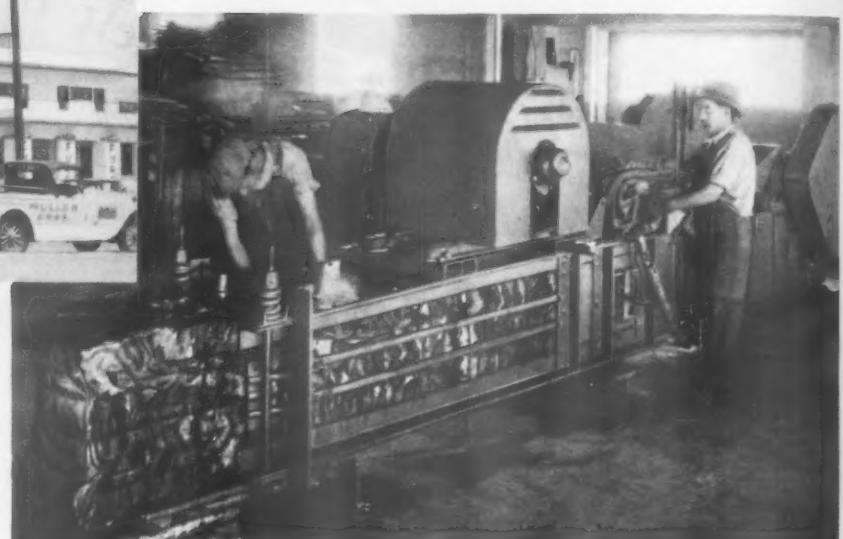


NESMITH

Discarded tires are reclaimed for rubber heels, flooring and other hard rubber products



As a raw material scrap steel is as valuable as pig iron



Rags and old papers help to conserve our national forests



WIDE WORLD

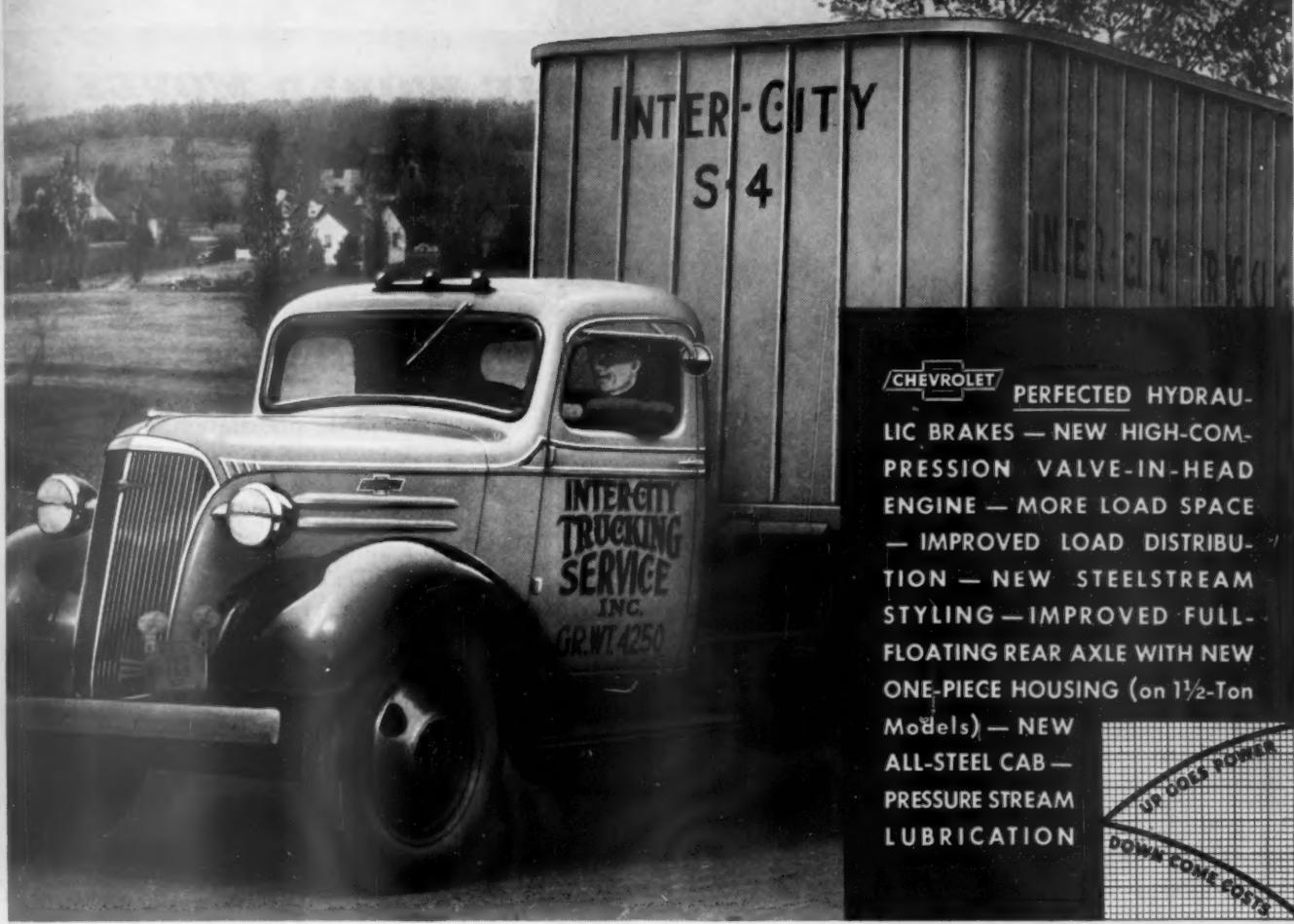
From 2,500,000 scrapped cars the industry recovers 1,000,000 tons of steel

**A**LMOST every business man in America is directly concerned with the Waste Materials Industry. Every business contributes its share of waste materials to the volume of this industry which is one of the ten largest in the United States and employs about 200,000 men in normal times.

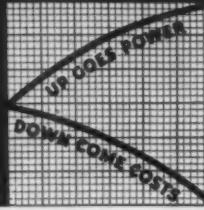
"Chief conservationists of the country," waste material dealers count themselves, when pointing out that a ton of iron and steel scrap is equal to two tons of iron ore; that from 55 to 70 per cent of the copper processed today comes from waste material; nearly all aluminum used in the die-casting and aluminum casting industry is recovered from scrap; 200 cars of old paper are shipped daily from New York alone to supplement wood pulp and help preserve our forests. Constantly growing in importance are large quantities of lead reclaimed from old batteries, cable and pipe as well as zinc saved from the waste of galvanizing operations.

Hard pressed during depression years to a greater degree than many other industries the scrap dealer is now a bit resentful over attempts to cut off his foreign market in iron and steel waste—questions the reason for an embargo on his product that doesn't include other goods which may also be used for war purposes.

# Haul more goods...more economically...with 1937 CHEVROLET TRUCKS



**PERFECTED HYDRAULIC BRAKES — NEW HIGH-COMPRESSION VALVE-IN-HEAD ENGINE — MORE LOAD SPACE — IMPROVED LOAD DISTRIBUTION — NEW STEELSTREAM STYLING — IMPROVED FULL-FLOATING REAR AXLE WITH NEW ONE-PIECE HOUSING (on 1½-Ton Models) — NEW ALL-STEEL CAB — PRESSURE STREAM LUBRICATION**



More and more buyers of individual trucks and fleets are agreeing upon the following facts in connection with their transportation problems:

Chevrolet trucks meet *every* test of delivery or haulage service with outstanding efficiency; and they are also the most *economical* trucks for all-round duty!

Your Chevrolet dealer can *prove* these facts in an actual demonstration, and we believe you will want to have such a demonstration at your earliest convenience, when you consider the following points:

Chevrolet trucks have the greatest *pulling power* of any truck in their price range.

The new models have More Load Space and Improved Load Distribution. And they are the *only* trucks in the low-price field with all the important features listed above.

See or phone your nearest Chevrolet dealer for a demonstration, and convince yourself that you can haul more economically with Chevrolet trucks.

CHEVROLET MOTOR DIVISION, General Motors Sales Corporation, DETROIT, MICHIGAN  
*General Motors Installment Plan—monthly payments to suit your purse.*

---

"**MORE POWER** per gallon    **LOWER COST** per load!"

---

# They've taken the work



**THE WORLD MOVES  
FORWARD WITH STEEL**

**I**N AN OLD-FASHIONED KITCHEN the average housewife walked a mile and a half in the preparation of a family meal. Today's modern kitchen does not waste a single step. Laid out as scientifically as a modern factory, it gleams like a jeweler's window.

Knives and table tops, sinks, and even pots and pans, are fashioned of stainless steel. The lacquered or enameled surfaces of refrigerators, ranges, and cupboards, designed by artists and built of steel, can be freshened into spotlessness by the touch of a damp cloth. A score of electrical appliances wash and mix and sweep and beat.

This transformation of woman's workshop reflects the activities of metallurgists in the laboratories of United States Steel and of workers in its mills. The freedom from rust and the extra strength of U·S·S· Stainless Steel make it practically indestructible; the improved steel sheets, rolled out from mighty machines, give a smooth, flat surface for enamel or lacquer finishes. With the achievement of efficiency and economy, beauty also has been captured and made permanent.

There are still far too many old-fashioned kitchens, too many out-of-date houses. There is plenty of work ahead for Steel.

AMERICAN BRIDGE COMPANY • AMERICAN STEEL & WIRE COMPANY • CANADIAN  
BRIDGE COMPANY, LTD. • CARNEGIE-ILLINOIS STEEL CORPORATION • COLUMBIA  
STEEL COMPANY • CYCLONE FENCE COMPANY • FEDERAL SHIPBUILDING AND  
DRY DOCK COMPANY • NATIONAL TUBE COMPANY • OIL WELL SUPPLY COMPANY  
SCULLY STEEL PRODUCTS COMPANY • TENNESSEE COAL, IRON & RAILROAD COMPANY  
UNIVERSAL ATLAS CEMENT COMPANY • United States Steel Corporation Subsidiaries



## UNITED STATES STEEL

**work from woman's workshop**



# Business Highlights and Sidelights . . .

## The Pragmatism of Progress

**DOES** progressive-  
ness pay?  
Yes, says the Chi-  
cago, Milwaukee &  
St. Paul Railroad, pointing to the suc-  
cess of its streamlined speedster, The  
Hiawatha.

A 1936 earnings statement issued for  
the train showed it had carried 550,000  
paying passengers for a gross revenue  
exceeding \$2,600,000.

Gross earnings of the Hiawatha in  
1936 were reported at \$3.62 a train mile,  
and operating costs \$1.13, leaving net  
earnings of \$2.49.

Putting it another way, the flyer  
clipped off a net profit of \$2.49 at every  
mile post—and it passed a post each  
minute.

## Dearth of Skilled Hands

A SERIOUS shortage of skilled labor was revealed at the end of May by a survey made by the Warner & Swasey Co., Cleveland, makers of machine tools and precision instruments. Included in the survey were 229 concerns in a wide variety of important industries, employing a total of 791,820 persons.

Asked, "Are you experiencing a shortage of skilled labor?" 195 firms said "yes," 34 said "no." Types of workmen chiefly needed: machinists, tool makers, machine operators, lathe operators, boring mill operators, automatic screw machine operators, and molders.

Questioned about training new men, 133 firms said the best way was to employ them and teach them in their own plants; seven firms recommended joint training schools cooperatively run by industries; and 18 said they relied upon trade and vocational schools.

In answer to questions dealing with transferring men from relief or public employment into private industry, 182 firms said that the men they had employed for the past two years had not come, to any great extent, from these sources; 39 companies said they had taken a number of men from government projects; many firms said they were getting active cooperation from relief or public works agencies in transferring men to industrial jobs.

Although several firms gave the opinion that men on relief

or government projects belonged in the unemployable class, comments on the whole indicated that some unskilled men on relief or public employment could be trained and reabsorbed into industry.

## Market for Sheepskins

**OFFERING** annual starting salaries \$90 to \$300 higher than last year in many

lines, corporation scouts have been competing on university campuses for promising 1937 graduates, with more and better jobs, according to a survey of the employment situation at 76 universities and technical schools by Northwestern National Life Insurance Company.

At 62 schools, increases in the number of jobs available, as reported by placement directors, ranged from "Considerable" to "Several hundred per cent more than the 1936 volume of employment calls." All principal industries were represented. Especially active in seeking trained men were the electric, steel, heavy machinery, life insurance, mining, oil, motor, meat packing, construction, general manufacturing, and merchandising lines.

As usual, graduates in the top one-

third of the class are primarily in demand. In many schools seniors with superior records had from three to six offers each to choose from. With far too few top-flight men available to fill the openings, demand overflowed through the lower ranking strata of 1937 graduates with the result that some entire classes looked forward to jobs.

Though sales work still accounts for a substantial proportion of the starting jobs offered, some placement directors this year observe a noteworthy increase in the "inside" type of opening which points directly toward an executive berth, if the graduate makes good. "Industrial Management," and "Industrial Relations," are classifications absorbing many promising 1937 graduates, reflecting employers' growing interest in setting up adequate facilities to cope with labor problems.

## Customers Always Wrong

**TOLEDO** has a business which has prospered by insulting customers. It is a restaurant operated by two brothers, Eugene and Glenn Fowler. They call it Bud & Luke's. It started about 11 years ago when the two boys, auto salesmen, decided to open an eating place on the side. They were so busy they couldn't do a satisfactory job of waiting on the trade, so they covered up the deficiency by kidding the customers. It seemed to take. People flocked to the place. Now they have two larger restaurants in central locations.

The guest sits at a table covered with oil cloth. A waiter heaves the silver on the table, and orders the customers to "help yourselves." "What'll you have?" he asks. If the answer is not given right away the waiter is likely to yell out,

"Hey, this rube won't order!" and from the kitchen comes a group of waiters roaring, mumbling, shouting. Some celebrities have even been picked up and carried out the door, though this kind of treatment is usually pre-arranged.

Waiters wear hats and galuses all the time. They get paid for their "ad libbing" ability. They chatter about a customer's dress, his hair, and if he has any kind of lodge badge or identification they pounce on that for an object of jests. A customer's overcoat pocket is sometimes loaded with silverware and they "catch a thief" as he attempts to leave. The kitchen joins in the sound effects. A cacophony of screams, moans, breaking dishes, falling pots, bells and whistles comes from the kitchen.

**RECOV-  
ER Y of  
bromine  
from the  
sea will be largely increased  
by the \$1,000,000 expansion  
project of the Ethyl-Dow  
Chemical Company for its**



"But, Bill, WE ARE the Government!"

# Getting down to *PENNIES!*

**T**O DAY the railroads haul a ton of freight a mile for an average revenue of less than a cent.

That's  $23\frac{1}{2}$  per cent *less* than they got for hauling a ton a mile fifteen years ago, when the downward trend in average revenue started.

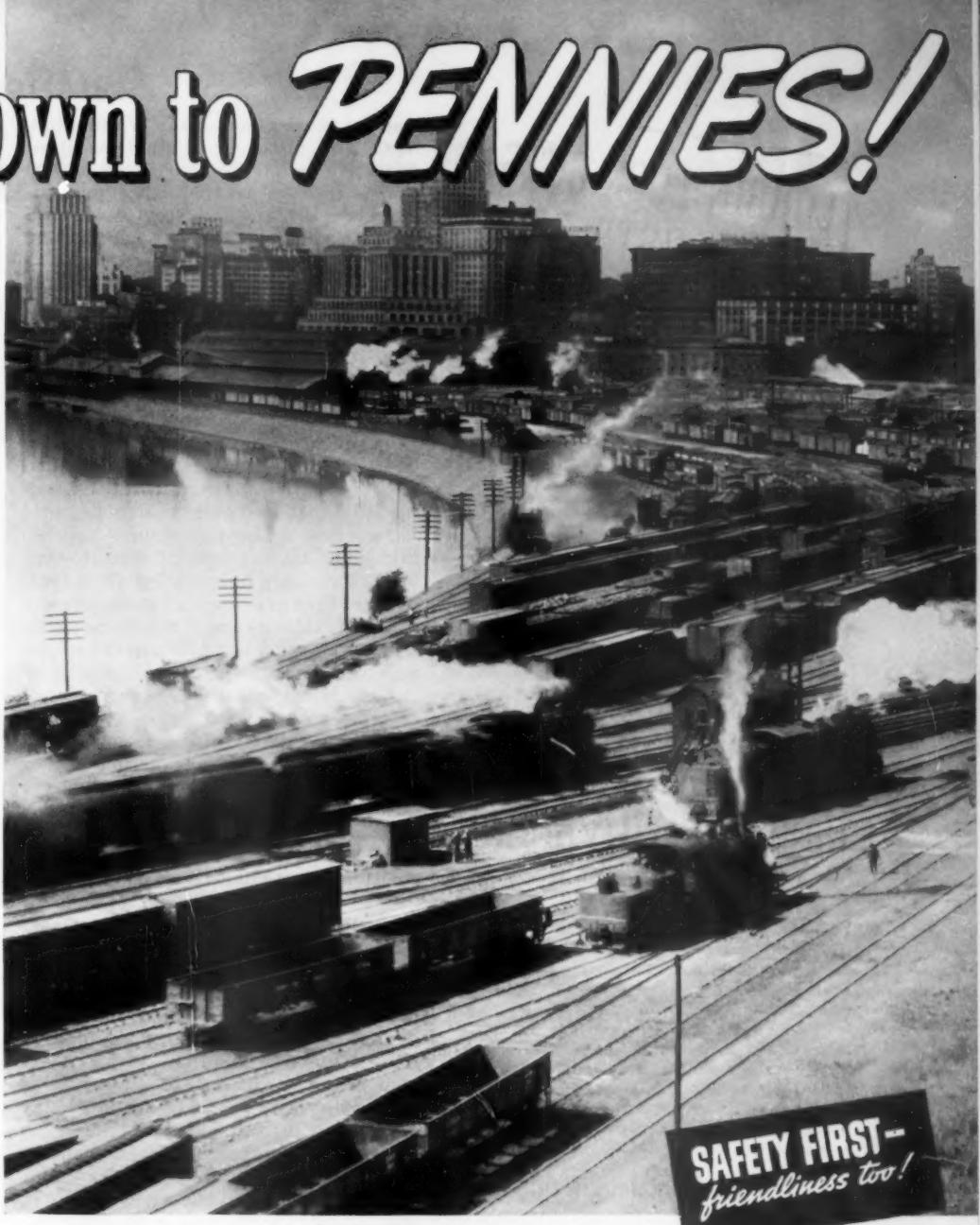
It's a *billion dollars less* than it would have been in 1936 if the revenue per ton-mile had stayed the same as it was fifteen years ago.

Now some of this difference is due to changes in the type of shipments—but the vast bulk of that billion dollars represents *lower freight rates*—savings for the shipper and the consumer.

With average revenue shrinking, railroads have had to face mounting expenses. Hourly earnings of railroad workers have climbed to the highest point in history. Prices of necessary materials and supplies, like a lot of other things, have gone up.

Yet look how the railroads have been pushing ahead—figuring ways to give better service on lessened income:

They speeded up freight schedules; put billions into new and better cars and locomotives,



**SAFETY FIRST—  
friendliness too!**

heavier rails and improved roadbeds. Today freight moves fifty per cent faster than it did just a few years ago.

They perform a daily miracle keeping tab on two million freight cars—so that you may have cars where you want them when you need them.

Working hand-in-hand with shippers, they cut freight loss and damage more than eighty per cent—developed better ways to pack, load and handle goods.

## DO YOU KNOW

—that one hundred thousand men have been added to railroad payrolls in the past year—with average earnings per hour of railroad employees at their all-time peak?

—that 43 cents out of every dollar the railroads receive is today paid to employees—more than five million dollars a day?

—that the other 57 cents must cover all other costs of providing, maintaining, operating and improving our railroads; and taxes?

—that the railroads pay about a million dollars in taxes every twenty-four hours—taxes that send 1,600,000 children to school,

and contribute substantial support to public institutions, highway construction and general government expense?

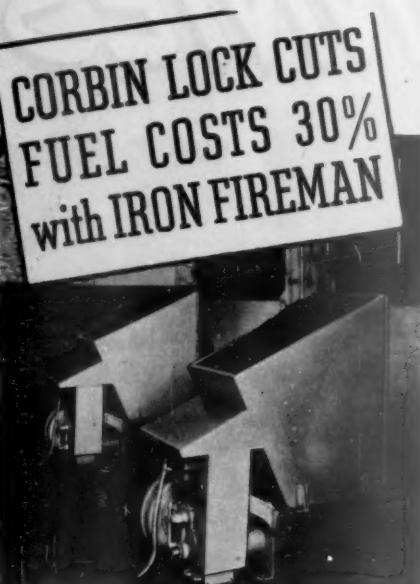
—that the railroads bought more than a billion dollars worth of supplies and materials last year—and that their yearly "shopping list" makes them one of the largest customers the people of this country have?

—that this yearly "shopping list" includes over 70,000 kinds of materials and goods, purchased in practically every manufacturing city and agricultural county throughout the land—and makes jobs for workers in every basic industry?

You know what they've done in passenger service, too—faster trains, even greater safety, more comfort and cleanliness, air-conditioning and all the rest. And yet passengers today pay an average of 42 per cent less per mile than they did in 1921.

It's a great record—you couldn't ask for a better picture of how the railroads are handling a tough job. On that record, the railroads have earned the right to ask for equality in regulation and treatment, for a chance to meet competition on a basis fair to all.

ASSOCIATION OF  
**AMERICAN RAILROADS**



Iron Fireman stokers in the boiler room of the Corbin Lock Company of Canada, Limited.

## Automatic Coal Firing Pays Big Dividends



One year rolled by. Two-threes-four-five years. In the boiler room of the Corbin Lock Company, two Iron Fireman automatic coal burners continued to provide steady, even heat at low cost. Then came this statement from Manager L. E. McLean:

"Iron Fireman stokers have been most satisfactory. No maintenance cost—and only one service call since the installation. This is a remarkable performance record in view of the fact that these stokers have been in constant operation the past five years. . . There has been at least a 30% fuel saving."

### Does Four Jobs Well

An Iron Fireman shoulders four jobs when it takes its place in a heating or power plant: (1) reduction of fuel bills, (2) reduction of firing room labor, (3) maintenance of steady heat or power, (4) elimination of smoke nuisance. That it does these jobs well is evidenced by the enthusiasm of thousands of owners.

What Iron Fireman has done for them, it should be able to do for you. It's easy to find out. Simply ask your Iron Fireman dealer to make a free firing survey, or write to 3243 W. 106th St., Cleveland, for descriptive literature. Iron Fireman is made for boilers developing up to 500 h.p. and for home heating plants. Sold on convenient monthly payments. Iron Fireman Mfg. Company, Portland, Oregon; Cleveland, Ohio; Toronto, Canada. Dealers everywhere.



Plant of the Corbin Lock Co. of Canada, Ltd., Belleville, Ontario.

## IRON FIREMAN AUTOMATIC COAL BURNER

plant at Kure Beach, near Wilmington, N. C. Annual output of ethylene dibromide will be stepped up to 20,000,000 pounds to keep pace with the quickening world demand for Ethyl fluid, used in the production of anti-knock gasoline for high compression motors.

To be completed July 1, the new plant will draw 137,000 gallons of water from the sea a minute, a volume great enough to meet the drinking water requirements of two cities the size of New York. Approximately 2,000 gallons of sea water must be treated to obtain one pound of bromine. Ethylene dibromide, which is 85 per cent bromine, is added to tetra-ethyl lead, the anti-knock factor, to be mixed with gasoline.

Two new absorption towers are being built to supplement two towers which have been in operation since 1934. In these towers sea water, already treated with chlorine and sulphuric acid, trickles down against a current of air which absorbs the bromine liberated by the chemical action. Thirty tons of chlorine will be used daily in the four towers. A new blowing-out tower will double facilities for the second major step in the bromine extraction process, in which a solution of soda ash is sprayed into the bromine laden air from the absorption towers to form a bromide solution many hundreds of times richer in the desired chemical than the original sea water.

This solution is in turn treated with strong sulphuric acid, and then boiled in live steam. The bromine passes off in the form of vapor, and is condensed as a heavy red liquid approximately three times denser than water. Next step is the production of ethylene gas by passing ethyl alcohol over hot clay and adding it to the pure bromine.

Four giant electric-driven centrifugal pumps, accounting for the major part of the plant's 4,500 kilowatt power requirement, suck water through intake pumps reaching into the sea between lines of heavy piling, and pump it into a canal leading to an artificial lake, from which it is drawn into the plant itself.

### Tax Duplication a Problem

SURVEYS show that the same tax base is now tapped by both Uncle Sam and the state governments on an average of 16 instances in each of the 48 states. Eight tax levies are major sources of revenue for both federal and state governments. These eight are: Personal income and corporation taxes; inheritance and estate taxes; amusement taxes; tobacco taxes; alcoholic beverages and gasoline taxes.

"In recent years the need for revenue in each level of government has been so great and the emergency so pressing that taxes have been levied with little or no regard for conflicts," according to Henry W. Toll, executive director of the Council of State Governments, and secretary of the Federal-state Tax Revision Council. "The federal Government added the undistributed profits tax, while the number of states imposing income taxes rose from 28 in 1935 to 32

in 1937. The number of states imposing cigarette and tobacco taxes increased from 15 to 20, and those imposing chain store taxes rose from 15 to 21. Now there is talk of the federal Government's broadening the income tax base or levying a sales tax."

The federal gift tax illustrates the result of this free-for-all policy of taxation, Mr. Toll comments. The gift tax has induced transfer of large amounts of property, thus reducing estates, and consequently estate taxes. As the states do not share in the gift tax, but do share with the federal Government proceeds from the estate tax, an important source of revenue to the states is reduced.

Three proposals to eliminate existing tax conflicts and prevent them in the future have reached the study stage. They are: That the tax field be divided between the states and the federal Government; that state taxes be allowed as an off-set to federal taxes in duplicated levies, and that, where duplication exists, the federal Government collect the tax and allocate to the states their shares.

### Assessor's Job Modernized

WITH the property tax in general, and assessment practice in particular, under close scrutiny during recent years, while undergoing numerous investigations by both public and private agencies, publication of a guidebook to efficient tax assessment by the National Association of Assessing Officers is especially significant. Listed are 80 principles which the Association's committee on assessment practices believes should be followed for efficiency. Among them are many refutations of the old concepts of the assessor's job:

That the small assessment district is preferable to the large one; that the assessor should be a local man; that compensation of the assessor may just as well be on a *per diem*, commission or fee basis as a yearly salary; that assessments need to be made no oftener than every two to seven years.

The report declares that too-small assessment districts are undesirable because they cannot employ the full-time services of properly trained assessors or afford modern assessing devices in the way of mechanical aid. Modern techniques are seen as superior to the personal knowledge of an assessor.

Payment of the assessing officer for the number of assessments he makes a day smacks of a part-time job; commissions or fees are apt to result in hasty, careless work. Annual assessments are preferable because their frequency gives opportunity to adjust whatever inaccuracies and inequalities occur, and a closer check is kept on all properties.

### Housing Shortage Persists

A "NATION-WIDE housing shortage of unprecedented severity and duration, unless drastic measures are taken immediately on a very wide scale" is forecast in a study of the United States housing situation made for the 1937 Yearbook of the National Association

## Stop Carrying Customers -- Cash Their Accounts

"**E**d, we'll have to turn down the Miller contract, but I hate to do it. We simply can't finance that additional production now, unless we get new capital . . ."

"Man, you're crazy. We can't pass up a deal like that. We won't need new capital. I think I know the way out. Meet me at the club this afternoon. I'll tell you about it while we're playing."



"The way you've put it, it sounds swell. But how about the discount rates? I've always had an idea that accounts receivable financing cost plenty. Isn't it going to cut into our profits pretty deep?"

"Wrong again, Jim. I've checked on that, too. Look. Suppose everyone that owes us came into the office tomorrow and offered to pay in full if we'd give them a discount. Wouldn't you do it?"

"Like a shot. Don't be foolish."



**T**HE HANDICAP of limited working capital can easily be overcome in most instances by intelligent use of one of the many modern forms of financing offered by Commercial Credit Company. Our accounts receivable and our instalment financing plans are widely used today by forward-looking



### THAT AFTERNOON

"So you see, Jim, there's \$80,000 in good quick assets on our books. Hoagland says Commercial Credit Company will give us the cash in 24 hours. And what's more we can cash our open accounts and discount our purchases, as fast as we ship."



"Well, there you are. Commercial Credit Company financing won't cost any more than that . . . probably be less, when you get the exact figures."

"Ed, we'll do it. Call them tomorrow. If Hoagland is so strong for their service after using it for a year I'm satisfied. After all, we're manufacturers. Why should we be bankers for the people we sell? From now on, we will extend credit to them and then sell the open accounts."

manufacturers, wholesalers and dealers who recognize the advantages of flexibility, and convenience for either temporary requirements or year-round use. If it would help you to liquefy your receivables . . . write for full information or an interview. All correspondence is confidential.

## COMMERCIAL CREDIT COMPANY

NEW YORK

CHICAGO

BALTIMORE

PORLAND, ORE.

SAN FRANCISCO

**of Housing Officials.** An extreme need of one million houses a year for all income groups is predicted by some. Contemplated national public low-rent housing program provides for only 1,000 new dwellings a year.

Four causes for housing shortage, as seen by officials:

Dearth of new construction. In 1936, despite talk about a building boom, there was only 29.6 per cent of the average production that was accomplished from 1923 to 1929.

Change from the "docile" acceptance of "doubling up" necessary when families were on relief or had little money. Restored jobs and raises in pay now create a demand for separate accommodations.

Rise in the marriage rate. 1935 figures were 1,327,000 as against 981,903 in 1932.

The number of families is increasing faster than the population increase as

measured by individuals. An increase of 13 per cent in families is estimated for the decade 1940-1950, but an increase in individuals of only 5.6 per cent.

To get back to family occupancy standards of 1930, which included much doubling up, 5,663,000 houses would be required, including replacement of more than 3,000,000 unfit houses. Normal needs for the next 13 years are estimated by one authority at 10,634,000 dwellings—6,389,000 to house new families and 4,245,000 to replace obsolescent houses that should not be allowed to deteriorate to slums.

**Gulf Heads Shave Profits** ONE corporation, evidently convinced that its employees are as much concerned with personal profits as the company is with company profits, has inaugurated an "Incentive Compensation Plan" as "additional incentive to further efforts

on their respective parts in the advancement of the business of the Corporation."

Under this "incentive" plan employees actively engaged in the management of Gulf Oil Corporation and "other employees actively engaged in the management of the Corporation and its domestic subsidiaries and other employees in positions of responsibility, including heads of the various departments and their principal assistants" would participate in profits that exceed \$1.50 a year on each common share.

Surplus net income is to be consolidated net income, less an amount equal to \$1.50 on each common share outstanding at beginning of the year. Out of such surplus net income there shall be paid into the compensation fund 15 cents on the dollar of the first \$1.50 per share of such surplus net and smaller sums on each additional \$1.00 of the surplus.



## Grocers Help Producers

Display windows like these were a part of the campaign put on by independent grocers to move surplus farm crops



**T**HE food merchant is rapidly assuming a new responsibility in the economic life of America. His efforts are no longer confined to the ultimate end of satisfying his customer. He has reached out to the other end of the line and extended a helping hand to the producer and helped him temper the vagaries of Nature that may bring surpluses one year and shortages the next.

To accomplish their purpose of aiding the producer, 152,000 individual retail grocers with an annual sales volume exceeding \$5,000,000,000 formed the Independent Food Distributors' Council and almost immediately began a campaign to help lamb producers cut their surplus. Included in their sales campaign were printed streamers, advertising layouts and booklets containing lamb recipes; suggestions of food to serve with lamb; menus using lamb.

Government reports show that January lamb kill was larger than any previous January and largest of any month for six and a half years. Live lamb prices advanced about one cent a pound to the

producer. Organized grapefruit growers requested the Council to sponsor a nation-wide canned grapefruit and grapefruit juice drive to help handle surplus. Campaign was announced to begin June 7 with immediate announcement following from canners that they would increase their pack.

Result—outlet provided for surplus

and prevention of serious decline in citrus fruit prices.

In the view of the National Association of Retail Grocers, who assert that two-thirds of the food consumed in the United States moves to the kitchen through individually owned grocery stores, the independent grocer has become a most important ally of the farmer.

# HOW *Strong* SHOULD A MILKMAN BE?

A BASEBALL pitcher should be strong enough to keep stuff on the ball through nine innings. A mile runner should be strong enough to sprint at the end of his race. A yacht should be strong enough to take whatever buffeting the seas may give it. How strong should a milkman be?

Strong enough, financially, to pay the milk producers regularly, unfailingly, no matter how his own sales may go. Strong enough to establish and maintain outlets for all his products. Strong enough to back his establishment with research. Strong enough to provide the most modern equipment for processing and handling. Strong enough to turn to new products, to uncover new markets, when milk sales slump.

By all these standards, Sealtest member-companies qualify as "strong-enough milkmen."

Collectively, they pay millions of dollars in cash every month to dairy farmers. They have created nation-wide distribution for cheese, butter, salad-dressing, ice cream and other dairy products. They maintain research laboratories, constantly engaged in developing and checking the commercial possibilities of new uses for milk. They invest, annually, between five and ten million dollars for new machinery and equipment. In addition, they spend more than five million dollars for repairs to keep their properties modern and efficient.

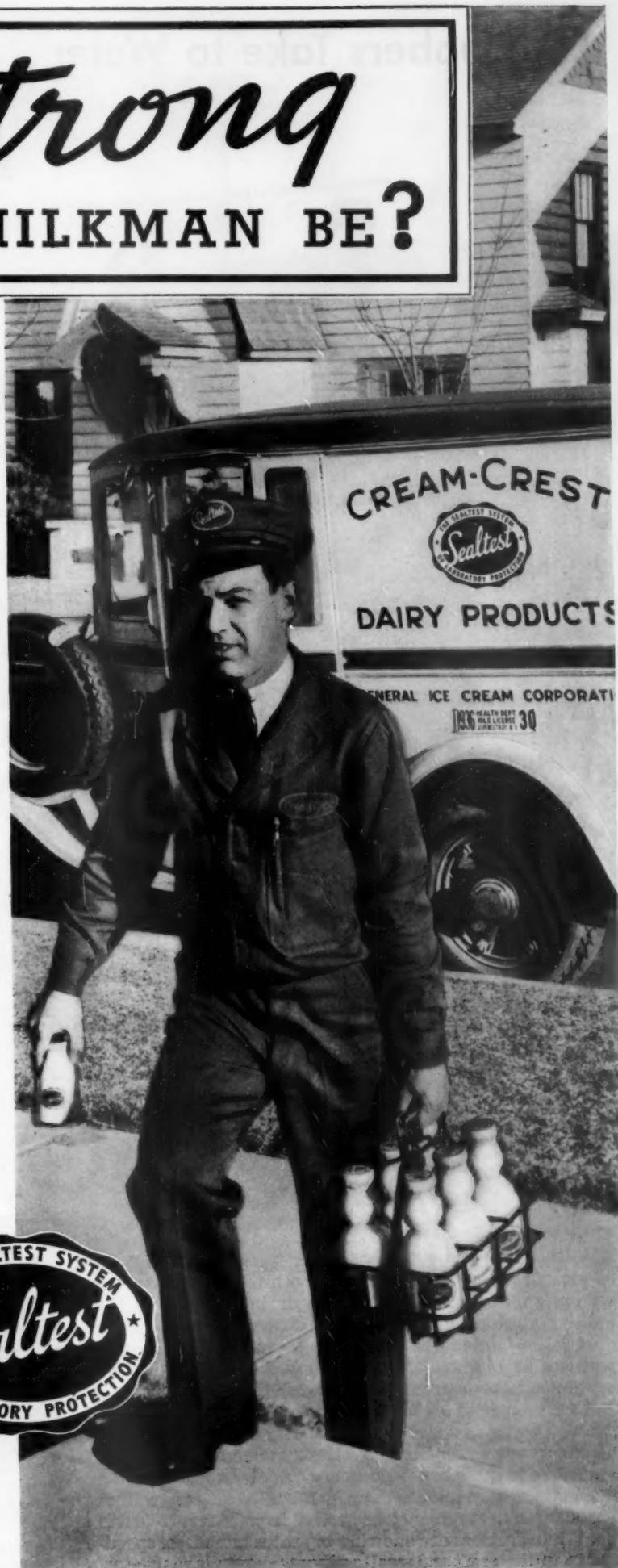
How strong should a milkman be? Strong enough to serve both the producer and the consumer in the most advantageous way. That's how strong a milkman should be. That's how strong Sealtest member-companies are.

• • • •

SEALTEST, INC., maintains a unified program of dairy research and laboratory-control directed by some of the country's foremost food-scientists. A separate division of National Dairy Products Corporation, it awards the Sealtest Symbol to those foods produced by National Dairy Companies under Sealtest supervision. Found on the nation's leading brands of ice cream, milk and other dairy products, the Sealtest Symbol is the buying-guide of millions of consumers. Make it your guide too.

Copyright 1937 by Sealtest, Inc.

THE SEALTEST SYSTEM OF  
LABORATORY PROTECTION



## Landlubbers Take to Water



Increased interest in boating promises creation of another large scale industry



Feminine fancy takes to boating



Small boats, both motor and sail, vie with all other pleasure equipment for favor of the young



INCREASED interest in boating has placed record fleets of pleasure craft of all kinds on both inland and coastal waters this season. Another major industry is in the making, declare devotees of this water sport.

It is estimated that the annual turnover this year will run as high as \$100,000,000 and that the total investment in pleasure craft is \$500,000,000.

Fitted out with all sorts of home conveniences such as running water and electric appliances, even small cruisers often serve as a home through the summer months. Builders estimate that about 20 per cent more boat value for the money is now available than in 1929. Prices range from \$1800 up in the cruiser class in sizes from 26 feet to 70 and up. While cruisers are showing big sales increases, speed-boats, utility craft and small sailboats show unusual gains.



Inland sections near lakes and rivers report that water sports draw increasing number of devotees

# Communism Runs a Store

By ARTHUR GOODFRIEND

**RUSSIAN retailing uses no advertising, gives no service, and sells the customer what is plentiful rather than what he wants. But they make money**

ON THE corner of *Kyznevsky Most* and *Petrovka*, Moscow's Herald Square, stands the greatest department store in Russia. In the Czar's time, it was Muir and Muirelise, catering to the Empire's aristocracy and wealth. Today, expanded to a full block, and four stories high, it is crowded from ten in the morning until seven at night by the proletariat.

In outline it resembles the department stores of New York, London and Paris. The usual paraphernalia of large stores—counters, escalators, cashiers, salespeople, floorwalkers—all are in evidence, following a merchandising pattern common the world over.

But, unlike stores in capitalistic countries, it never advertises, never runs a bargain sale, deliberately displays its merchandise in a drab, unattractive way, and separates customers from goods by counters four feet wide, interspersed with chains and fences.

No exchanges, no charge accounts, no deliveries—except of heavy objects like furniture—no services of any description are permitted. A woman who needs a pair of shoes, for example, takes whatever is handed her, leans against a wall to try them on, and is happy to pay for a pair within a size or two of a proper fit.

The shoes, monotonously alike in color and design, are piled, unboxed, on brown-painted wooden shelves, the price marked in hand-stamped figures.

Salespeople seem lackadaisical and disinterested, which is surprising, because they are offered every kind of capitalistic inducement to sell more



PHOTOS BY THE AUTHOR

Outside, Russia's largest department store resembles an American store. Inside, clerks are disinterested, wide counters insure that customers shall not touch goods. A purchase sometimes takes as long as three hours



goods. Their salary depends entirely on sales and they work on a percentage basis which varies for each department. Every fifth of the month, sales are tallied and commissions figured out. The commission, however, is not based on individual sales, but on the total sales of the department. The fewer the people employed in the department, the more cash each salesperson is paid.

One natural result of this is to

make salespeople cold to reinforcements. Rather than split commissions, they prefer to overwork. But the management plots against them in two ways. Whenever earnings threaten to become disproportionately large, new salespeople are moved in. Second, merchandise comes in spasmodically. For long periods there are no goods to sell and incomes are consequently depressed.

The wage scale is based on a per-

centage of sales to be distributed to the entire personnel of a brigade, or sales unit. Workers in textile and shoe departments share six rubles 15 kopeks for every thousand rubles sold in the department. Workers in musical instruments and cultural items share 19 rubles; utensil and hardware salesmen share nine rubles, 30 kopeks per thousand. Apparel accessories and perfumes divide 17 rubles per thousand.

#### All salaries from one fund

OUT of these amounts come the salaries, not only of salespeople, but of the director of the department and his assistants.

The amount each salesman gets is based on how much he received under the old salary system, with certain adjustments made for length of service and efficiency. There is a disparity of 30 to 35 per cent in wages of beginners and old-timers in an average brigade.

Wages run from 100 to 700 rubles a month throughout the store, with a 175 ruble average for salespeople. Bookkeepers average about 320 ru-

equities between departments. Dis-satisfaction among workers is rife, since one "soldier" in a department can demolish its morale.

"Soldiering," however, is not the main cause of labor trouble in Russian stores. Peculiarly enough, more employees are fired for cheating the customer than any other reason. Since the salesman benefits if his department's earnings are great, the temptation to overcharge is strong, and salesmen have been known to succumb.

In the event of discovery, it is the duty of the chief of the store to fire him. Fired, the employee may appeal to the Workers Conflict Committee, composed of a representative of the store branch of the trade union and a representative of the management. If the decision goes against him, the employee may appeal to the People's Court whose decision is final.

Practically all Russian stores come under the authority of *Narcomvnutorg*, or People's Commissar of Internal Trade. *Narcomvnutorg* is divided into three sections: small specialty stores, universal or department stores and food stores. Over them all is

be approved by the Moscow Soviet, in charge of all economy in the Moscow area. On the other hand, it is responsible to the People's Council of Commissars, which is in reality the main governing body in the U.S.S.R.

At the head of each of the great Universal Stores is a director, responsible primarily to *Narcomvnutorg*. He coordinates all activities of the store, attending particularly to planning, finances, construction and general supervision. Under him is a commercial director whose responsibilities embrace supply and the hiring and firing of labor. Under the commercial director are the directors of 25 departments in the store, who correspond to buyers and merchandise managers in an American store. There are no sales managers, advertising executives or any personnel whose duty is to foster sales.

The store year begins January 1. Before that date the departmental directors make inventories of the merchandise on hand, laying out their needs for the next three months.

#### Centralized purchasing

ALL stores in the area send their orders to a Central Department of Classification where they are classified and combined. The Central Department and not the stores places contracts with the factories, each contract for a year, with provision made for quarterly amendments and revisions.

Long before the order is placed in work, the store sends representatives, usually heads of brigades, to the factory to consult with the manufacturer. These representatives specify their individual needs in greater detail. It is the manufacturer's responsibility to make due note of them.

Quantities in the initial order are partly determined after consideration of previous year's sales. A far more important factor, however, is what *Narcomvnutorg* decides the people should buy. If factories are well equipped to make wool drawers, and behind schedule in the production of shirts, a large order is placed for drawers and pressure is thereafter put upon people to buy drawers rather than shirts.

Not that this entails any direct selling or promotional effort. Customers are reminded that it is their patriotic duty to buy drawers, and the drawers are shown in larger quantities, more attractively displayed than normally.

Prices are set in advance by the Price Fixing Department of *Narcomvnutorg*. This department establishes factory prices for each commodity. The factory submits its

(Continued on page 98)



The world's most ornate grocery store has no rival anywhere except in the fish store across the street which boasts a uniformed doorman

bles, against 700 rubles for the store's director. A director of a department gets between 200 and 300 rubles.

Current prices serve as an index of what these wages buy, and the comparative prosperity of the wage earner. A cloth cap costs 45 rubles. A dress is 214 rubles. A blouse is 38 to 114 rubles. A man's suit ranges from 700 to 900 rubles. White bread costs one ruble, 70 kopeks a kilo. Milk brings 90 kopeks a liter.

The commission system is new and is causing trouble. While it tends to increase wages, it causes serious in-

*Glavnia Upravleniya*, or Chief Management, which determines their policies and activities.

*Glavnia* is made up of a chief executive, who is an assistant of the Commissar of Internal Trade, and about one hundred men who serve as financial planners, organizers, adjusters and arbitrators.

All the activities of the *Narcomvnutorg* in each locality come, on the one hand, under the final ruling of the Soviet, or local government of the district. In Moscow, for instance, everything the *Glavnia* may do must

# Selling by Machinery

By H. H. SLAWSON



R. M. STONE STUDIOS  
The biggest of the coin-in-the-slot machines  
is this automatic iceman

IT IS a curious commentary on our times that during "the worst depression in history," the automatic vending machine has flourished as never before. Factories making automatic coin-controlled selling devices have been forced for long periods to work overtime. Seemingly the public finds something it wants in these robot salesmen. And anyone who thinks of these "slot machines" merely as vendors of peanuts and chewing gum has a big surprise in store.

Vending machines now supply soap, towels, razor blades, handkerchiefs, collars and collar buttons. They will spray you with perfume and shine your shoes. And if you feel the urge, a machine will tell your fortune or give you a stiff shock of electricity to tone you up for the evening. Then, while you wait for that "date," you can pass the time playing a coin-controlled pin game. And before you go, a coin in the slot will cause your photograph to be taken and handed to you in a neat frame.

On a coin-controlled typewriter you can write a letter, using paper, carbon, envelope and postage stamps obtained from other automatic sales devices. And the message can be left on a coin-controlled bulletin board at an appointed rendezvous in railroad station or store.

THEY won't mind the baby or cash a check but automatic selling devices, which have prospered all through the lean years, will do almost anything else

If you go to the park or beach, kindling wood for a camp fire can be obtained from a coin-controlled wood bin and on the return home you can stop at the corner to pick up a chunk of real ice from the world's largest slot machine, an automatic iceman.

There is almost no end to this list and any inventor with a new idea for a device that will supply a commonly required commodity or service or



The candy machine increased plant morale

provide a novel form of amusement automatically will find manufacturers ready to receive him with open arms.

Some nation-wide honor may be attached to such an invention, as witness what happened to the Connecticut inventor who created an automatic hot dog vendor. When the nickel is dropped in the slot, the robot starts

# Conserving

WITH



**MOISTURE-CONSERVING "WAFFLES" 3¢ AN ACRE**  
Pulling a 10-row damming lister, this "Caterpillar" Diesel RD4 Tractor is making ridges to resist soil blowing, and damming the furrows at regular intervals to prevent water run-off and store rainfall. Outfit does four acres per hour on only 12c worth of Diesel fuel. Scene — near Montezuma, Kansas.



**1½ MILES OF TERRACES DAILY**—With a "Caterpillar" Diesel RD7 Tractor and No. 66 Grader, the U. S. Dept. of Agriculture (Soil Conservation Service) builds 1½ miles of broad-base terraces per 8-hour day in the Texas "Panhandle." (The same teamed outfit helps to build the Nation's roads at the lowest cost in history.) These double-duty terraces are designed to control water and wind erosion and to conserve moisture by slowing down run-off. It costs only \$1.75 a day for Diesel fuel to operate this large outfit.

# SOIL, WATER, CASH "CATERPILLAR" *Diesels*

"Dusters" and dashing prairie rains are Nature's challenge to the wheat-farming empire of the Southwest. In the front line of a battle of national concern, "Caterpillar" Diesel Tractors are building barriers against tragic wind erosion and water waste. For private owners, contractors and Federal agencies, these Diesels are waging the fight that conservation engineers believe will be victorious — *at half the cost of other types of power.*

This same economy explains why seven out of ten power-terracing outfits at work today are built by "Caterpillar"; and why farmers the world over — along with roadbuilders, loggers, contractors, and thousands of other users — are choosing "Caterpillar" Diesel Power!

Soil-cultivating, earth-moving or load-hauling power at a few pennies per hour — current-generating power at less than a cent per kWh. — winch, pump, cable-drum or line-shaft power at a fraction of former costs . . . if interested in *any* of them, see our nearest dealer. Or, mail the coupon.

*More than 80 leading machinery and equipment manufacturers power their products with "Caterpillar" Diesel Engines.*



A VALLEY SAVED WITH DIESELS—Pumping costs in Colorado's fertile Prospect Valley used to be so excessive during the "lean years" that sugar beet growers couldn't break even. Then "Caterpillar" Diesels were put on the job — and power costs tumbled. Here's a 3-stage turbine outfit delivering 1200 gallons of crop-saving water a minute on a 139-foot lift — *at a running cost of only 29c an hour!*

## CATERPILLAR DIESEL POWER

REG. U.S. PAT. OFF.



CATERPILLAR TRACTOR CO., PEORIA, ILLINOIS  
WORLD'S LARGEST MANUFACTURER OF DIESEL ENGINES,  
TRACK-TYPE TRACTORS AND ROAD MACHINERY

CATERPILLAR TRACTOR CO., Dept. NB-6, Peoria, Ill., U.S.A.

Gentlemen:

Please send me information on "Caterpillar"  
 DIESEL ENGINES    TRACTORS    ROAD MACHINERY

I need power for \_\_\_\_\_

Name \_\_\_\_\_

Address \_\_\_\_\_

a frankfurter sizzling on the grill, holds it there until done, seasons it, places it in an automatically-slit toasted roll, wraps a paper napkin around it and delivers it, all without human aid.

In 1930, the *American Journal of Sociology* included this machine in its annual list of 100 inventions and discoveries which appear to hold the greatest possibilities for affecting the future course of civilization. When scholars take such notice of "slot machines" it begins to look as if the robot salesman has really "arrived."

No one knows just how big the coin machine industry is.

Even the Department of Commerce lacks definite statistics. Some facts picked up at random, however, reveal that it is a big business.

### Vending machine sales are up

IN 1935, cigarettes valued at \$30,000,000 were sold from automatic vending machines. This tremendous volume has swollen from a mere \$200,000 gross when the cigarette vendors were introduced four years earlier. In 1935, also, chewing gum sales from machines at one cent a stick ran up a total revenue of more than \$5,000,000. One operator of peanut vendors reports sales running from 13 to 20 tons a month at the rate of half an ounce for a penny. And another operator sold more than 1,000,000 pounds of pistachio nuts in small driblets in less than a year. In Chicago, during five months of 1934, twelve carloads of a large size candy bar were sold through 150 vending machines located on the Century of Progress grounds. And when you squint through the coin-operated telescopes on the observation tower of the Empire State Building, it's of interest to you to know that their reported income is \$10,000 a year.

Any ordinary restaurant man with a weighing scale near the cashier's cage is likely to tell you that the pennies patrons drop into it pay the rent each month with something left for overhead, and in one nationwide chain of ten cent stores weighing machines collect \$500,000 annually.

In the New York subway annual gross receipts from vending machines are said to be around \$1,000,000. In Chicago there are some 7,000 vending machines on the elevated railroad platforms and recently a collector, making the rounds, was forced to surrender 125,500 pennies to holdup men. That bulky loot represents only part of one day's "take" for the concessionaires.

In construction and design, vending machines have progressed with the times. Stainless steel and chromium plate with streamline effects and rainbow colors abound. One manufacturer is working today on designs not intended for public appearances until two years hence, suggesting that "slot machines" are no longer built in hit-or-miss manner.

Some surprising mechanical features are embodied in almost every machine, most of them being simple and yet exceed-

ingly effective. Here's a change-making device which operates when a customer hasn't the exact coin needed. Here's a meter to count and check sales; a device to portion out candy, nuts or other bulk goods evenly; a self-clearing coin chute which handles paper wads, gum or other such material put there by playboys. And protective features to ward against dust, rain, snow or abuse are innumerable.

Mechanical features that will make merchandise available in good order 100 per cent of the time are comparatively simple. How to circumvent the ever-present cheater is, however, a challenge to inventive genius.

One operator of a chain of 200 peanut vendors in Chicago's South Side collected 14,000 fraudulent coins in his first month at the business and, except for bad weather, it might have been worse, as he grimly related it. When detector devices were installed, the fake coins dropped to three a month.

The coin selector is usually designed to weigh and test the proffered coin, pick out phony slugs and kick them back to the cheater. One manufacturer says:

The coin detector is 90 per cent of the machine. It is the one part with which somebody is always trying to monkey, so it must function perfectly always. In our device, as the coin moves into the machine, a steel lever bites into it to detect lead, tin, pasteboard, linoleum or anything not legal coin. Next, the coin is measured on a micrometer for thickness. We permit a tolerance of .005 inch.

Then it faces a bit of magnetized steel, capable of lifting one and one-half pounds, where foreign metal is easily detected. All of these inspections must be made in the split second required to move a lever three-fourths of an inch as the coin is pushed into the machine. And if the inspection isn't satisfactory, the fake money must be shot out so fast the cheater doesn't know what happened.

One fraud detector causes a bell to ring when a machine is tampered with. Another flashes a light on a sign to bring out the hitherto invisible words "You cheated me."

### Vending amusements

ONE of the most phenomenal developments in the automatic vending machine industry has been the creation of amusement devices.

Starting in 1930 when business was supposed to be about down for the count, production of pin and marble games has forged into the headlines of the industrial picture.

Twenty of the 25 factories making amusement tables and fun devices are in Chicago. In 1935 their business totalled more than \$20,000,000, including an export business of \$1,000,000. They employ more than 3,000 persons directly and another 10,000 make parts and supplies, from electrical controls to paint and varnish. In two and a half years \$4,000,000 went to furniture and cabinet makers. Plate glass manufacturers supplied half a million glass tops for the tables while electrical gadgets ran into hundreds of thousands of dollars. All this happened in a "depression." Moreover, 15,000 or more men have jobs distributing and



Refrigeration experts worked for years to perfect this mechanical soda fountain



# STEM THE RISING TIDE OF PAYROLL ACCOUNTING COSTS

*with this amazing machine  
that posts 4 records  
in one operation!*



*OK..it's from*  
**Remington Rand**

MANUFACTURERS OF ALL TYPES OF OFFICE MACHINES  
AND SYSTEMS EQUIPMENT, PROVIDING COMPLETE  
INSTALLATION AND FULL RESPONSIBILITY.

**M**ANY an executive is surprised to learn that a single machine . . . the Remington Rand "85" . . . prepares *all* the following payroll records at one writing!

1. Employees' wage record card showing all deductions;
2. Employees' deduction stub;
3. Employees' checks (or envelopes if wage is paid in cash);
4. Payroll journal.

No need for separate posting machines. No need for extra clerks to maintain individual wage records.

If the handling of Social Security . . . more employees . . . insurance and loan deductions . . . savings plans and other reports have added to your overhead cost . . . here's the first step in cutting this added cost:

Call Remington Rand in your city for free analysis of your payroll methods. It may save you hundreds, yes even thousands of dollars a year. Or write on your business letterhead to Remington Rand Inc., Buffalo, N. Y., for free copy of payroll accounting manual describing 4 tested procedures.

The Remington Rand "85" also saves time and money in handling accounts receivable, accounts payable, sales and expense distribution and many other accounting applications. Remington Rand offers the world's most complete line of bookkeeping machines and systems for all types of companies.

**SAVE MONEY...TIME** with the only machine  
that can give you all these nine features!

- 1 Complete electrification of *all* alphabet and numeral keys, and of carriage.
- 2 Complete flexibility of registers, providing extra accumulations without rebuilding or making machine obsolete. Number of additional registers limited only by length of carriage and capacity of registers.
- 3 All registers visible for columnar accumulation and cross computation, equipped with direct subtraction, providing contra-entries within specific column, and instant correction of entries made.
- 4 Complete automatic tabulation from column to column.
- 5 Complete visibility of writing line, permitting instant checking of every entry posted.
- 6 Automatic line proof of each individual entry provides instant audit.
- 7 Independent control of each related form to be prepared simultaneously.
- 8 Uniform legibility of all records prepared simultaneously.
- 9 Made by Remington Rand Inc., the only single manufacturer that can supply complete accounting systems and assume complete responsibility.

servicing these amusement machines.

"Best sellers" in this novel development of vending machines have been devices whose clever creators have utilized such ultra-modern scientific tools as radio waves and the "electric eye." A "shooting gallery," for instance, loads its guns with a beam of light. In the bull's-eye is concealed a photoelectric cell. When the trigger is pressed, the ray of light streams across the room. If the marksman hits the "eye" or photoelectric cell, the target topples over and the total score flashes on an illuminated panel.

Few patrons of these catch-penny devices realize that costly engineering research has gone into their construction.

A new beverage mixer required a special cooling unit on which refrigeration experts toiled for years to solve problems of de-frosting, drainage, etc.

The automatic phonograph industry has made an outstanding effort to keep up with the spirit of this modern age by "putting on the Ritz" to attract business. From the old tin pan player piano in the Casino at the amusement park 40 years ago to the music machine you meet in your favorite tavern is a long, long road, but manufacturers have found the outlay for the progress profitable.

Mechanically this new day musical marvel has been built to provide the same standards of sound production one meets in high-class radio broadcasting or in talking pictures.

Almost overnight the building, distribution and operation of coin-controlled automatic phonographs became a tremendous business. Factories worked day and night shifts and railroads gave right of way to rush shipments by the trainload, all in the effort to speed up distribution and satisfy insistent purchasers.

But perhaps the most remarkable feature of this phase of the vending machine business has been the public response. People may go hungry but they seem to insist on music. In trade circles they never tire of telling about a Texas phonograph which gathered \$7,000 in nickels and dimes in five years, while the only overhead was for new records to

replace old ones. Try to fancy, also, the intake of the Chicago operator who has more than 500 music machines scattered around the Windy City.

#### Odd locations are found

LOCATION problems are as delicate for the vending machine operator as for the chain store magnates. One southern operator put a phonograph in a mule shoeing shop and found it "rather profitable." A dentist was persuaded to put one in his waiting room. Cigar factories find them helpful in relieving the monotony of that handicraft and speeding up production.

But if prizes were to be awarded vending machine location scouts the

"top" should surely be given to the Chicago concern which has found in huge industrial plants a place for its machines that vend the old standbys, peanuts, chewing gum and candy bars.

Right out among the lathes and presses the vending devices are located in automobile factories, steel mills, paper manufactories, packing plants, mail order houses and other varied types of industrial establishments.

Workmen are privileged to buy confections in working hours and it has been demonstrated that efficiency is thereby improved by elimination of fatigue.

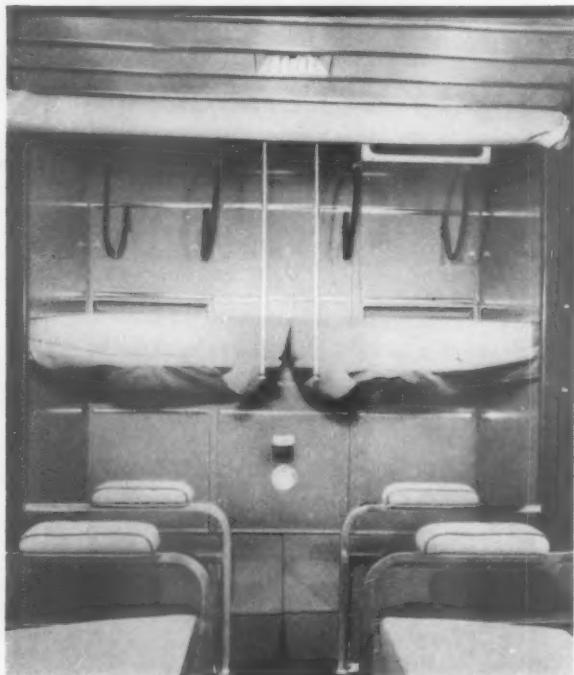
Through a profit-sharing plan, a part of the revenue from each vendor is turned over to the workers who patronize them. Usually the percentage cut in on the profits is given to an employee association and is spent for such purposes as outfitting the plant's athletic teams; or it goes into the employees' welfare fund or to a community charity chest.

The most significant benefit revealed by unbiased observation has been the effect which this industrial innovation has on employee morale. The opportunity to purchase candy and eat it while performing some monotonous factory operation has created a sense of contentment in the workers. The knowledge that a part of the profits from each five cent sale is being used for the general good of the entire staff is also showing results. For it gives the employee the feeling that he is actually participating in the business transactions of his concern. Thus the humble slot machine has brought a new spirit into the relations between capital and labor.

The company back of this unusual vending enterprise started operations in July, 1929, just a few weeks ahead of the stock market crash. Undeterred, the management forged ahead and, as they proudly relate, their operations today range from coast to coast.

To get a job servicing their machines one must have a college education and be able to carry himself in a dignified uniform with an air of distinction. And that is about the extreme to which the robot selling industry has gone in the effort to command attention by "putting on the Ritz."

## BELLRINGERS



### Travel Comfort on a Desert

**A**LIGHT-WEIGHT, stainless steel sleeper bus of 14 passenger capacity (interior as shown above), air conditioned and designed for desert travel, was delivered early this year by the Edward G. Budd Manufacturing Company to the Nairn Transport Company, Ltd., for use in the desert between Bagdad and Damascus.

The sleeper unit is the first of its type ever constructed, and was specially designed to operate under extreme temperatures and road conditions encountered in the 600 mile desert run.

The sleeper is more than 36 feet long and eight feet, seven inches high, with a weight of 28,000 pounds.

Because of sand storms, all joints are soldered, cemented or painted and thoroughly water-tested so that they cannot possibly leak or breathe dust.

Dressing room and lavatories have been made large enough to give passengers ample space in which to dress. Iced tea, water, coffee and fruits and sandwiches will be available at all times.



# TEXAS Rings Up Another Sale ... has money to spend

CATTLE sales brought about \$60,000,000 to Texas in 1936. Each year approximately two million head of cattle move to market. Pasture land in Texas equals the farm acreage of sixteen other states.

Big as the cattle industry is, it is but one of big Texas' big industries. Income from other livestock, poultry and dairy products last year totaled over \$177,000,000. The 1936 cotton crop put more than \$217,000,000 in Texas pocketbooks; oil, \$450,000,000; fruits and vegetables, \$33,000,000.

Everything about Texas is big—particularly the scale on which Texas people do things. Texas people buy liberally. The millions they receive for their products they spend freely—for Texans enjoy life, know how to live well.

Texas spells opportunity for American business—a new and growing market—that will justify the establishment of factories, distribution branches and warehouses. Metropolitan cities at focal points supply the agricultural and mineral areas with the goods they need, and serve them with banking and transportation support for their outgoing

products. The labor situation is most favorable—fuel, including natural gas, is available everywhere at minimum rates.

Texas development is past the experimental stage—but there is still time to ride the big rise. Population increased 25% in the past ten years—natural resources, almost limitless in scope, have scarcely been tapped—productive farm lands total 137,597,389 acres, yet less than three-fourths tillable acreage is under cultivation.

Texas is on the move. The nation's last great frontier is rapidly achieving its place in the sun.

The Katy, which serves the principal cities of the Southwest with thoroughly modern passenger and freight service, is proud of the part it has played in the development of Texas.

As part of its progressive and constructive policy, the Katy maintains an Industrial Department which will supply detailed information about Texas opportunities. All inquiries are handled in strict confidence. . . . Address the Industrial Development Dept., Missouri-Kansas-Texas Lines, St. Louis, Mo. or Dallas, Texas.



## PIONEER RAILROAD OF THE SOUTHWEST

**ABREAST OF THE TIMES**  
"Grab it, honey, or I'll give it to the Conductah."  
You are no doubt entitled to the  
**Mitchell Bicycle Agency**

If you don't take it when offered someone else will be glad of the chance.  
We offer Reliable, Durable, Handsome, Money-Making Bicycles,  
Motor-Bicycles and Automobiles.

**WISCONSIN WHEEL WORKS** 1700 Packard Ave., RACINE JUNC., WIS.  
MURKIN & MURKIN, 21 Empire St., Boston, Mass., New England Agents

Humor of the more robust sort was a feature of many early advertisements

## Helping the World Beat a Path

By STANTON TIERNAN

**SINCE** early Carthage business has used advertising in the effort to sell its wares. Since early times only the methods have changed—and for the better

THE Rosetta Stone had been proved to be but a poster extolling the greatness of a king, and the sandwich man is said to have paraded the streets of Carthage to announce the arrival of a galley and the nature of its cargo.

The first general form of advertising, however, was the symbol idea, so that those unable to read could find the place sought. Thus a milk seller's stall in ancient Pompeii had a terra cotta sign depicting a goat. Perhaps one reason why boys have hated schools for so many generations is that there remains with them the unconscious influence of the old Roman sign for institutions of learning, which was that of a boy being whipped.

Direct survival of the custom of hanging a green bush in front of ancient shops to show that wine was sold within is the expression:

"Good wine needs no bush."

A disproved assertion, because ancient and modern dealers and manufacturers have found that, before the world will make the reputed beaten path to the door, the world must know that a better mouse trap may be had within.

Wooden Indians stood in front of cigar stores within the memory of many living men. Striped poles in

front of barber shops and colored glass bottles in druggists' windows, of course, still prevail and so do the three balls to denote a pawn broker's shop.

The first advertisements in newspapers appeared in England in the seventeenth century. They were mostly of books, coffee, tea and patent medicines.

### Introducing a new beverage

IN *Mercurius Politicus*, September 30, 1658, the following paid insertion proves, by its mention of a "cophee" (coffee) house, that this beverage had the start of the now more popular stimulant of tea in England. The ad runs:

That Excellent and by all Physitians approved China drink called by the Chineseans Tcha, by other nations Tay, alias Tee, is sold at the Sultaness Head Cophee House in Sweetings Rents by the Royal Exchange, London.

A heavy stamp tax on advertisements hampered their growth and, in consequence, that of newspapers in England until 1855. In fact, in that country today, despite the multiplicity of bill-boards and omnibus placards, advertising is surrounded by more rules than in America. No person, for instance, in Great Britain

may send to any person, except in response to such person's written request, any advertisement with the name and address or telephone number of a money lender. Also by the Larceny Act of 1861, any offers of reward for the return of property stolen or lost must not indicate that no questions will be asked.

The first advertisement in an American newspaper was in the *News Letter*, published in Boston. This notice in its issue of May 1, 1704, read:

Lost on the 10th of April last, off Mr. Shippen's wharf in Boston, Two Iron Anvils, weighing between 120 and 140 pounds each. Whoever has taken them up and will bring or give true intelligence of them to John Campbell, Post-Master, shall have a sufficient reward.

The same issue of this paper carried two other paid notices. One an offer of a "good Fulling Mill at Oysterbay on Long Island to be let or sold." The other offering a reward for the capture of a thief and the return of certain wearing apparel.

A papyrus discovered at Thebes offering a reward for a runaway slave is said to be 3,000 years old. Advertisements for runaway slaves were frequent in the early Baltimore-Town papers. One rare old Baltimore newspaper on file at the Peabody Library of that city embodies an offer of five cents and a cup of ice cream for the return of a runaway apprentice.

Patent medicine compounders were also among the first in America to recognise the value of singing their own praises. Banks were among the last to do so. Now practically everyone advertises, except the most con-

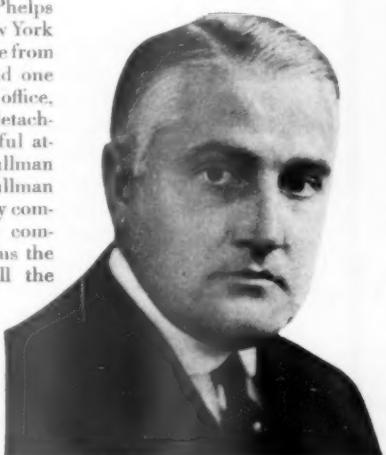
# Business Plans its Tomorrows in the *Pullman*

"We'll talk it over when we get on the train." Thus do active executives, on the move for business, reserve for the uninterrupted quiet of a Pullman car the consideration of major business problems. Famed as the traveling man's forum, the Pullman is also often used as the laboratory for evolving business strategy. Behind the quiet and privacy afforded every traveler is the opportunity Pullman gives to arrive on the job, rested and refreshed, ready for work. Travel by night in a Pullman is the fast, safe and comfortable way to keep business engagements. In all weather, it is the most dependable. New low rates make it surprisingly economical.

THE PULLMAN COMPANY, CHICAGO

#### Safest Way to Travel

Louis S. Cates, Phelps Dodge Corp., New York City, writes: "Free from the thousand and one cares of a busy office, I find complete detachment in the restful atmosphere of a Pullman car. Modern Pullman service is a happy combination of the comforts of home plus the safest one of all the ways to travel."



**Charles R. Hook, President, The American Rolling Mill Company, writes:** "My Pullman bedroom has become a very necessary business adjunct. In the first eleven months of last year I made twenty-two trips to New York. The quiet comfort of my Pullman bedroom permitted me to study and review a mass of reports and material that would have taken at least twice the time in my office, due to interruptions."

*Charles R. Hook*



#### 251 Nights in One Year

Mr. Albert H. Morrill, President, The Kroger Grocery & Baking Company, writes: "In one year I spent 251 nights in Pullmans. I got my sleep and preserved my health due to the comfort, reliability and ingenious service which Pullmans furnish."

#### PULLMAN PROGRESS

Pullman introduced two things to American rail travel which are quite apart from its sleeping car service—yet no less important: light-weight cars for the high-speed, streamlined railway passenger train, and the air conditioned passenger car. Pullman Car Works is now building cars for its 11th Streamliner.

*All testimonial statements in this advertisement were furnished without compensation*

Pullman and Rail—The safe way to go and the sure way to get there



servative of physicians who still restrict themselves to bare notices of change of office address as their sole occasions for bursting voluntarily into print.

#### Advertisements cut costs

NEWSPAPERS in America must at first have considered advertisements poor business or poor pay. They were apparently grudgingly admitted and inserted or left out at the whim or convenience of the editors. Now, of course, the major revenue of newspapers and periodicals is derived from that source. In fact, the trifling sum charged for a newspaper or magazine is made possible by the income from the advertisements. Nearly always the paper alone on which each copy of a Sunday edition of a newspaper is printed costs more than the small price at which the publication is sold.

The basis of calculation for advertising rates is the agate line, a type so small that 14 lines of it, measured by depth, occupy only one inch of space a column in width. The rate charged for each agate line is in turn

largely determined by the proved circulation of the paper.

A full page of space in a modern large metropolitan daily costs as high as \$1,200 to \$2,000 for a single insertion. Magazine rates are even higher. A full page advertisement in one of the well known weekly publications will run as high as \$9,500 for a single issue. The back outside cover in colors in the same magazine costs \$15,000 or more for a single insertion.

Color in advertisements, as known today, began in 1894. The first picture of this kind was of a rug. It was printed for one of the large mail order houses.

*Harper's Magazine* had its first advertisement in 1864. *Scribner's* in 1872.

Most advertisements, of course, extol the article described. As an example we have the lady in Yokohama who coyly admitted:

I am a beautiful woman. My abundant undulating hair envelopes me as a cloud. Supple as a willow is my waist. Soft and brilliant is my visage as the satin of the flowers. I am endowed with wealth sufficient to saunter through life hand and hand with my beloved. Were I to

meet a gracious lord, kindly, intelligent, well educated, and of good taste, I would unite myself with him for life, and later share with him the pleasure of being laid to rest eternal in a tomb of pink marble.

On the other hand, the depreciation of the wares offered has occasionally struck the proper note. As a recent proof of this, a young man in Miami, confessed in his application for employment:

I hate work, am lazy, and am none too honest.

Within a few days he received 20 offers of jobs.

P. T. Barnum on at least one occasion deliberately invited abuse. While on tour in England he let it be whispered that he was about to buy Shakespeare's house and ship it to America. The "Agony" columns of the English papers rocked with denunciations of this threatened shameless desecration, but it brought patrons to the show.

Absolute frankness has figured in other advertisements. There is this example from a New Jersey farmer:

Owing to feeling not so good lately, will sell one bluish raspberry cow, aged 8 years. She is of undaunted courage but gives her milk freely, most of the time. To a man who does not fear death in any form she would be a great boon. I would rather sell her to a non-resident of the county.

Intentional humor is almost exclusively a modern innovation in advertising and dates largely from the first great vogue of the breakfast food cereals.

Save your time, and save your pelf, Save your temper, shave yourself. helped to introduce one of the first types of safety razors.

#### Catching attention

UNINTENTIONAL humor, however, has often been found in advertisements. "Our fish cannot be approached," innocently proclaimed one dealer. "Miss Ellen Terry will positively appear in three pieces this week," assured a theater program of the '80s. "For Sale: Upright piano by lady with mahogany legs," may only have had its counterparts, but in Benjamin Franklin's Pennsylvania Gazette in an issue of 1729, John Frost assures the Publick he makes stayes "that shall make women look straight who are not so."

In another early American periodical, called the *Farmer's Museum*, published about 1796, likewise in Philadelphia, we find this:

Wanted for a sober family, a man of light weight, who fears the Lord and can drive a pair of horses. He must occasionally wait at table, join in household prayer, look after the horses and read a chapter in the Bible. He must, God willing, rise at 7 in the morning,



**DID SHE ACCEPT YOU?**

If she did you will want some house furnishing goods. From our already low prices we always give special reductions to newly married couples. A few leaves from a forest of values in this department.

GLASSWARE-CROCKERY.	
Tumblers, fancy shape, per set	20c
Large water pitchers	30c
Fruit saucers, per set	10c
Salt and pepper shakers, each	4c
Cups and saucers, handled, 6	60c
Plates, large size, 6 for	30c
Vegetable dishes	12c
Bowls, each	7c
Cream pitchers	10c
10-piece chamber set	35c

**Buying a Razor**

Like getting married is something of a lottery. In both cases, success or failure depends much upon the temper. With ours you are sure to meet with success, as we continue to exchange until you find one that's of good quality.

**Rat Traps.**

The fascinating kind. Rats all want to "be in it" and therefore soon are. For mice we have equally alluring ones.

**Would You Be Great?**

Lives of great men all remind us "We can make our lives sublime, Just by doing as they all do— Trade with Austin all the time."

**Hot Meals and Cool Cooks**

If you use our gasoline and coal oil stoves. Handles that coal, cleaner, cheaper and quicker. No smoke, smell nor soot. Two burners only \$3 at the great bargain store.

**The Fairest of Brides**

cannot eclipse 'in beauty the variety of our superb collection of wedding gifts in china and glass. Rare taste and lovely shapes make them suitable for the most critical

**Are you bargain hungry? Then come here. There's a royal feast awaiting—enough for all and to spare. Our rebate checks never give out.**

**E. M. AUSTIN.**

Residence Phone 832.

**TINWARE.**

TINWARE.	
Tin wash boiler, copper bottom	75c
Quart cup or measure	10c
6 quart milk bucket	75c
1 gallon coal oil can	15c
11 inch wash basin	10c
Sprinkler, 6 quart	20c
" " 4 quart	15c
16 quart cream bucket	30c
18 "	40c
20 "	40c


**A Day of Pleasure.**

Did you ever meet at some recess? With costumes bright and gay, To spin for miles midst nature's wilds And spend a pleasant day?

Our \$12.50 bicycile saves many doctor bills. A spinning spin is better than a tonic.

**Spring Rains**

develop many leaky roofs. We are always on top. We fix roofs.

A versatile and enterprising merchandiser goes after the June bride business in days when telephones were innovations



## Get a "Horse"!

CAN'T YOU JUST HEAR the lady muttering, "*Horseless carriage, indeed!*" and the gentleman praying for darkness to spare them the neighbors' grins?

But see this family a few years later. Now they have a car that gets there *and back*. Indeed, little boys have stopped jeering, "*Get a horse*"; they're actually beginning to yell, "*Gee, look at 'er go!*"

The difficulty was no longer how to get started, how to keep going, but how to *stop*. The need was for better brakes and better brake lining.

And Johns-Manville research men

helped supply them; developed the first asbestos brake lining; helped make quick, sure, safe stops a matter of pressing the brake pedal.

For almost half a century, Johns-Manville has pioneered the CONTROL OF MOTION. Today, on millions of motor cars—on huge fleets of trucks—on cross-country bus lines—on hoisting machines—on cages and cars that lower men and materials into the pits of the earth—on machinery and giant cranes—on the wheels of all industry, Johns-Manville Brake Linings, Friction Blocks, Clutch Facings

are rendering sure, dependable, low-cost service.

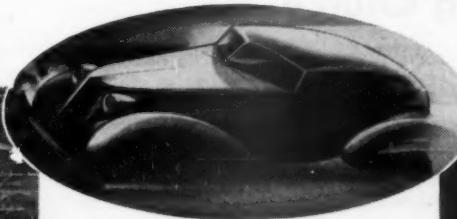
With unequaled production facilities, with the control of its own asbestos mines, with continuous research for the development and perfection of new friction Materials, Johns-Manville is qualified to meet any braking problems.

Along with that, Johns-Manville has today assumed a responsibility in the training of your local mechanic and service-station man in the intricacies of modern brake operation, so that you may have scientific and correct brake service.

### JOHNS-MANVILLE



Lives to safeguard, schedules to maintain, leading bus fleets turn to J-M Brake Materials. Report mileage excellent, brake costs low.



Your car's a safer car equipped with Johns-Manville Brake Lining; it's especially designed for today's faster, more powerful models.



Elevators, hoists, cranes, shovels, draglines, dredges—Johns-Manville Friction Materials brake them all efficiently, economically.

and obey his master and mistress in all lawful commands; if he can dress hair, sing psalms and play at cribbage, the more agreeable.

N. B. He must not be familiar with the maid servants lest the flesh should rebel against the spirit and he should be induced to walk in the thorny paths of the wicked. Wages 15 guineas a year.

Coming again down to modern times, the following unusual offer appeared in a Seattle, Wash., paper:

Wanted—A man to thrash a wife beater. \$10 reward; easy work. Mrs. R. B. G. Avenue.

Eight men, it is said, responded to this appeal. The second applicant, who was the one ultimately selected, offered to cut the price in half, but he was paid the full amount stipulated for what was described as a slap-choke, knock-down and roll-on-the-floor job, with only disabling and disfigurement barred.

In the Baltimore *Sun* someone once inserted this clever one line, yet graphic, description of exactly the type of nurse desired for a child:

Wanted—A Peggotty for a David Copperfield. Anyone who can qualify, apply, etc.

Another novel ad which appeared in the *Sun* offered pants for sale at so much per leg, probably as a dig at the then new five-and-ten-cent store

methods. According to the story told at the time, the merchant in question withdrew the offer after a one-legged man had insisted upon a literal interpretation of this cut rate, by forcing him to rip apart and sell him half a pair.

"The most truthful part of a newspaper is the advertisements," said Thomas Jefferson upon one occasion. Nevertheless, advertising went through a long cleansing process before many of the stains on its escutcheon were wiped out. Among the offenders, but not alone among them, were many of the patent medicine vendors.

#### Misleading testimonials

A POPULAR early misrepresentation was to induce a distant relative of some celebrity to send in a testimonial. Then by printing a picture of the bigwig himself, thus to associate him by inference at least with the cure recounted.

From other even more daring types of gyp artists, the offer of a steel engraving of George Washington, or of a yard of pure silk to be sold for a dime, would bring, in response to those who sent in the money, a cancelled two cent postage stamp or

three feet of silk thread, respectively.

Other misleading effects were accomplished by means of large and small type.

Artemus Ward, a leading humorist of the day, satirized this ruse in one of his own handbills, in which he announced:

A. WARD HAS LECTURED BEFORE THE CROWNED HEADS OF EUROPE (followed in three point type by) ever thought of lecturing."

The Personal Columns of even some of the leading papers of the country reeked at one time with what were known as "Masher" ads. These went something like this:

Will the pretty blonde with lady companion who was on Madison Avenue car 2:30 P.M. Tuesday, communicate with ardent admirer who sat opposite. Mention occurrence. Anxious.

As a counterbalance, a paradox of advertising at that time was that although thus allowed to run wild in some respects, in others it was forced to be more conservative than either news matter or fiction. A publisher's blurb of a book during the early '90's was severely condemned because the word which in the Victorian era had always been skeletonized as "d--n" had, in this notice, been written out in full. Yet the expletive in all its shocking fullness printed in the work itself cause no adverse comment.

The first advertising picture of a corset on a living model called for such consideration by one publication that a special meeting of the Board of Directors was called to decide whether to admit this brazen innovation to its pages.

The development of cigarette advertising as applied to women offers another case in point. Even long after women had begun to smoke openly, the first tip-toe commercial approach to the subject, it will be remembered, was the slogan:

Blow some smoke my way.

About 1912 the Associated Advertising Clubs of the World at their annual convention adopted the motto: "Truth in Advertising," and established a National Vigilance Committee in the United States, now called the National Better Business Commission, with the purpose of forwarding higher standards of honesty and reliability in advertising. In 1914 the Audit Bureau of Circulation was organized. This has become the leading agency for obtaining reliable information concerning the circulation and distribution of publications.

Modern advertising agencies date from about 1840 when one was formed in Philadelphia. Such associations have generally been organized and largely run by former newspaper men.

## BELLRINGERS



LINCOLN ELECTRIC CO.

### A Floating Church

THE HULL of an old vessel was transformed into this floating church, 108 feet long, in the Argentine Government's Buenos Aires shipyard by an arc welding process.

Getting to church had been quite a problem on the delta of the Parana River. Church goers had to

ford many of the streams which thread the delta or miss formal worship. The problem was solved by a practical minded padre with the floating church. Now the place of worship, with its steeple, stained glass windows, its padre and altar goes to the congregation.

**"WINTER OR SUMMER**  
*My folks are always out!"*



Times change . . . advertising ideas change with them . . . wise advertisers keep up-to-date. Thus, the old idea that people imitate the bear by digging themselves in during certain seasons is "out" today . . . for *people themselves are out in all seasons* enjoying year-round diversions, year-round traveling, year-round motoring. It pays to keep *sales messages* out in the open too, where people can see them. Now is the time to plan the use of outdoor advertising for January as you planned for May!

Write for our interesting booklet, "You Will Love Me in December," describing the modern trend in outdoor advertising.

**OUTDOOR ADVERTISING INCORPORATED**

60 EAST 42nd STREET - NEW YORK

ATLANTA • BALTIMORE • BOSTON • CHICAGO • CLEVELAND • DETROIT • HOUSTON  
 PHILADELPHIA • ST. LOUIS • LOS ANGELES • SAN FRANCISCO

# Salesmen Are Neither Saints Nor Sissies

By H. M. APPEL

Author, "Why Salesmen Get Fired."

A SALES MANAGER who has been hiring and firing travelling men for 25 years lists some common causes of failure of those who lose their jobs

DURING the depression, no class of wage earners suffered more than salesmen. Desperation accelerated the disintegration of morale—and morals. Petty peculations formerly winked at by indulgent employers loomed as larger evils at a time when paring sales expense became a national obsession.

As times grew worse some salesmen's lapses from the code of copybook virtues were no longer petty, whether offenses fell into the fields of ethics or productivity.

Consequently, turnover of manpower on sales forces reached an all-time high with employer and employee both blameworthy. Each was inclined to take the easiest way.

Many sales managers found it



It was easier to chisel when sales effort brought little profit

easier to fire a troublesome traveller than to coddle and coax, to bolster courage and character, when a new man could be hired at lower pay; and many salesmen found it easier to chisel and cheat, to sham and shirk, when the most conscientious effort produced little profit.

## They took an easy way

BORN of this situation came a condition of bewilderment among salesmen who were honestly trying to do good work and to hold their jobs. Time and again I heard the question: "Why are so many men getting fired?"

Shown positive evidence of misconduct or poor performance, those who wondered most were likely to say:

Of course, Bill shouldn't have padded his customers' orders . . . but everybody's doing it. Dealers never buy as much as they need. John shouldn't have stayed home and faked his expense accounts . . . but it's hard to make ends meet these days. I suppose all salesmen chisel a little. Harry never should have got tangled up with that red-headed woman . . . but a man will do nearly anything to get his mind off business when it's so lousy. Those fellows were all wrong . . . but these are tough times. Maybe they shouldn't have been fired.



Sloppy Steve never succeeds

And there, perhaps, you have it! The Times . . . as an excuse for major or minor derelictions. The Times . . . as an employer's justification for cutting costs too deeply . . . as labor's justification for disastrous halting of production . . . as a government's justification for squandering national resources.

Small wonder, then, that salesmen are inclined similarly to justify their shortcomings.

The Times seemed to call for a restatement of values.

A study of case histories from carefully kept records shows several well defined and common causes for failure of travelling salesmen. A frank and fearless appraisal of these failure factors—a forthright discussion of them with the average salesman who makes no pretense of being a saint, who confesses being something of a sinner, has had a salutary effect in every instance that has come under my observation. I have heard from many salesmen the encouraging comment:

We all know right from wrong, but we've been inclined to compromise. We may need to learn new methods, but it's time we re-learned some old principles.

Copybook virtues play their part in

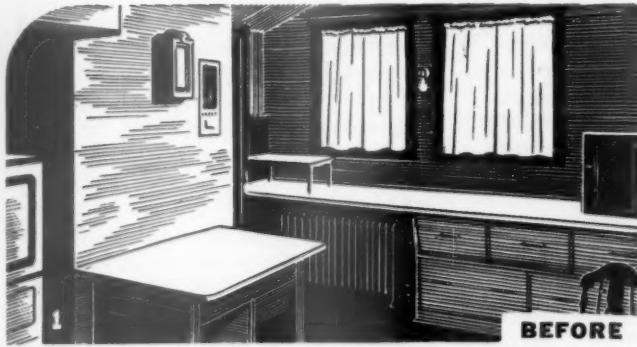


# THIS RECIPE FOR MODERN KITCHENS

I TESTED IN MY OWN HOME:

Take equal parts of good design and careful workmanship...and top it off with MONEL

by Mr. GEORGE A. HUGHES, President of Edison General Electric Appliance Company, Makers of Hotpoint Appliances. To him, the thanks of a great industry and the gratitude of nearly two million women for developing the Electric Range.



"One day I was looking over plans for a new sales drive. It urged home owners to modernize their kitchens with Hotpoint Appliances. As I studied those advertisements, they made me realize what the kitchen in my own home looked like. And how badly we needed a change."



"It wasn't until I had actually lived with it that I fully realized why Monel adds so much sales appeal to our Hotpoint ranges, dishwasher sinks and electric water heaters. From an engineer's viewpoint, of course, I knew that Monel was right: rust proof, corrosion resistant, tough and strong. I also found that Monel's attractiveness goes far beyond its evident utility."

\*MONEL is a registered trade-mark applied to an alloy containing approximately two-thirds Nickel and one-third copper. This alloy is mined, smelted, refined, rolled and marketed solely by International Nickel.

"I asked our Hotpoint Home Planning Department for a sketch showing what could be done with new equipment. I found the price of the job...with 'Whitehead' Monel\* sinks, Monel cabinet tops, enameled steel cabinets, and a new Hotpoint range...decidedly reasonable.



No theorizer, George A. Hughes, now knows why sales of Hotpoint Monel appliances keep on growing so briskly. What of you? Do you make any of your products in Monel? And in your home, have you a Monel kitchen? Write for "Strength Plus"—a concise, fully illustrated book that explains the what, why, how of Monel. Business letterhead, please. Address Room 1802. The International Nickel Company, Inc., 67 Wall St., New York, N. Y.

2/3  
NICKEL

+ 1/3  
COPPER

= MONEL

every salesman's success, the opinion of scoffers notwithstanding. Transgressions against them figure in every failure. A thorough exposition of their workings as applied to actual happenings in the average salesman's experience gives a sales force food for thought and produces reactions that might surprise you. Certainly, the case histories of successes and failures clearly demonstrate that:

- Honesty is more profitable than dishonesty.
- Sobriety is less important than discretion.
- Industry is indispensable to all save a genius.
- Fortitude licks competition.
- Sincerity insures credit.
- Respect builds good will.
- Thrift assures solvency.
- Order builds sales volume.
- Tranquillity wins a bonus in well-being.
- Morality safeguards reputation.

#### At least be discreet

FROM a business angle and in business terms, copybook virtues produce paying results. But our attitude toward them, if we would avoid sermonizing to salesmen who "are not saints and dare not be sissies," must be baldly realistic. Never expecting perfection we may, in all fairness, say to any man:

When the spirit is willing but the flesh is weak—when it seems impossible to stick to the letter of the law—for heaven's sake be discreet. Don't stray beyond the bounds of common sense.

Unfortunately, common sense is uncommon.

Health is a prime factor in any

salesman's success, lack of it the cause of many failures, because selling is a job for men. A salesman wading into his work with vigor burns up more physical energy than a harvest hand, exhausts the mental storage battery faster than a college professor, puts courage and stamina to a greater test than the average soldier, and he keeps at it day and night throughout the selling season.

Brain feeds on brawn. If the stomach doesn't tick, the mind won't click. Not all the brawny are brainy, but a reasonably smart man fortified with a vigorous constitution will get more business done than half a dozen mental wizards afflicted with weak hearts, lungs, or backs. So, men should be persuaded to keep healthy. Both physically and mentally fit. They must be taught to give body and brain as much care as a car. It's a matter of proper diet, clothing and sleep; of servicing the thinking machine. An educational program has been built around these:

#### TEN COMMANDMENTS

1. Exercise dormant muscles.
2. Eat right.
3. Drink little.
4. Sleep regularly.
5. Feed the brain useful knowledge.
6. Study the customer's business.
7. Know your own business.
8. Speak and write lucidly.
9. Avoid unpleasant and unprofitable habits.
10. Be constructively discontented.

*Woman trouble* rates highest among checked causes of failure, being the dominant factor in one-half a long list of cases analyzed. Men are fired because of "good women" as well as "bad women," sometimes be-



Bullheaded Ben makes enemies

cause of their own foolishness, and sometimes because of folly of others whose actions they cannot control.

Physically, of course, the travelling salesman is subjected to more frequent temptation than John Stay-at-Home. Riding up and down the land, working with women in stores, living in hotels, he meets a larger number of those adventurously inclined. If unmarried he may come home from the wars unscathed. If a Benedict, the danger is doubled.

A married man faces complex problems at best, because of a difference in routines, his and his wife's, and their opposite points of view. While he is at work he is out among people, always on the go. She is more or less shut in awaiting his homecoming. Then, when he longs for rest and quiet, she wants to join a crowd, to play. Keeping her happy becomes a major problem. Salesmen should be encouraged to bring all of their selling ability to bear on the job of keeping a wife contented.

Luck plays its part in the rise or fall of a salesman's fortunes. The case histories bring to light achievements and disasters which can be ascribed to nothing more tangible than luck, good or bad. Behind certain of the misfortunes, in some remote sense, undoubtedly there were minor blunders. At least the flavor of contributory negligence. But in the end we must agree with the conclusions of the old statesman, Machiavelli, that luck is a definite factor in the life of every human being; in a measure subject to control. To quote him:

Bad Luck may be likened to a raging torrent that floods a countryside and



Obeying maxims pays, but, if you can't be good, be discreet

# What is the best way to pay for that new machinery?

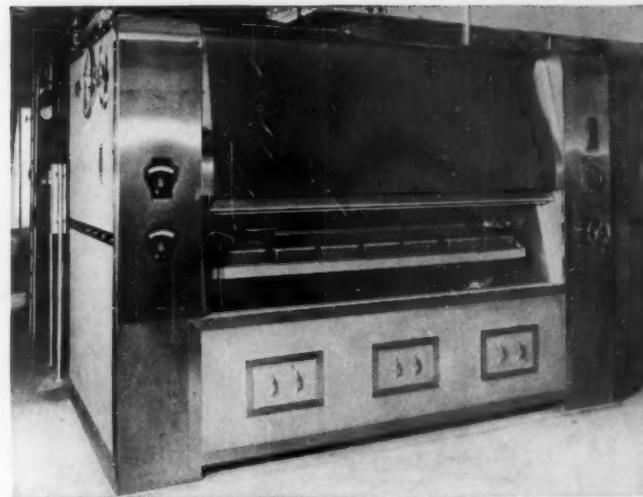
More and more firms are using the C.I.T. Equipment Funding Plan to purchase new machinery or other equipment on a long term basis.

WHEN your plant management decides that present equipment must be replaced if operating costs are to be kept in line, the question naturally arises, "What is the best way to pay for that new equipment?" Many concerns have found the C. I. T. Equipment Funding Plan to be the answer because it makes such replacements possible without depleting reserves or working capital.

The C. I. T. method has other advantages. The charge is the lowest generally available for similar financing and is usually less than that of floating small

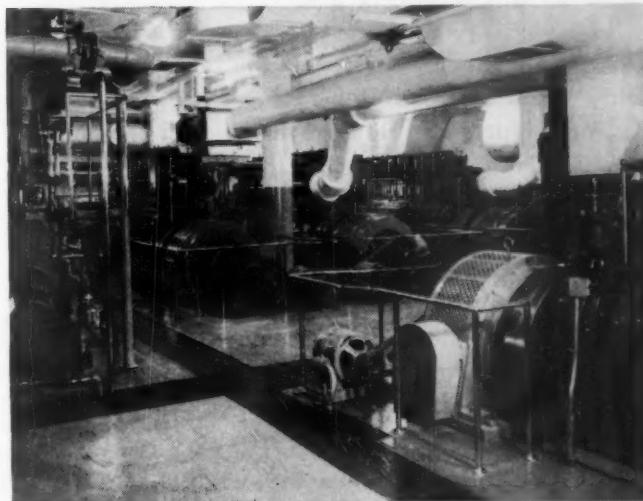


A textile mill used the C.I.T. Funding Plan to purchase this group of 546 looms during the busy season when all available cash was needed for working capital



(ABOVE) This new type oven is one of many installations of bakery machinery purchased on a long-term basis by use of the C. I. T. Equipment Funding Plan.

(BELOW) A large metropolitan department store purchased 5 new Diesel engines through C. I. T. They are paying for themselves out of savings.



capital issues. In addition, this long term plan offers fixed amortization over a period of several years. With modern, improved machinery, you can start cutting costs immediately—and pay at least part of the cost of the new equipment out of savings!

Whether you are interested in funding your own purchases or in suggesting this method to your customers, we will be glad to give you all the facts regarding the C. I. T. Equipment Funding Plan.

• • •

*An informative booklet, "C. I. T. at Work in Industry," mailed free on request*



**COMMERCIAL INVESTMENT TRUST INCORPORATED**

A UNIT OF COMMERCIAL INVESTMENT TRUST CORPORATION

Combined capital and surplus over \$100,000,000 • One Park Avenue, New York City

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In 1936, more than 20,000 purchasers in 150 different industries funded the purchase of durable goods through C. I. T.

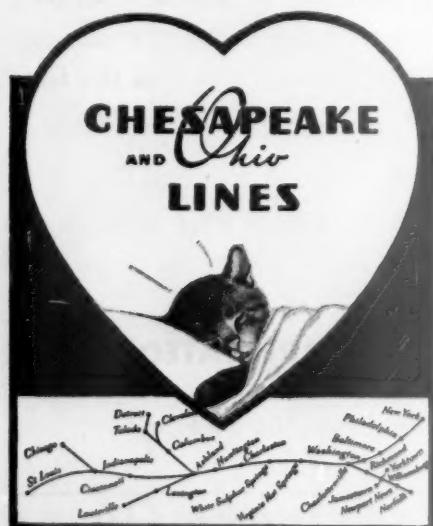
# The INITIALS **C** AND **S** OF A FRIEND

Get acquainted with Chesapeake and Ohio—"The Railroad With a Heart" . . . for shippers as well as travelers! You'll find everyone—from president to porter—eager to be truly friendly.

Whether you ship a few pounds or several carloads—no matter which of our passenger trains you travel upon—you'll receive the same courteous attention . . . encounter the identical willingness to please.

Use Chesapeake and Ohio for your next shipment—you'll learn why shippers call us the "On Time" railroad. And ride with us soon—you'll Sleep Like a Kitten and Arrive Fresh as a Daisy!

**THE GEORGE WASHINGTON  
THE SPORTSMAN • THE F. F. V.**  
*America's Most Distinguished Fleet of Trains*



sweeps everything away. No one can resist it. All is ruined in its path. However, in seasons of fair weather men may construct dams . . . they may dig artificial channels . . . so that when the flood comes again it will pass off without great damage.

To those men whose footsteps Mis-  
fortune seems ever to dog we may  
well recommend a bit of hedging,  
such as insurance purchased against  
common calamities, money in reserve,  
another job in sight, a first aid kit.

*Old Age*, of course, is a constant factor in the rate of turnover among salesmen and presents a problem of handling rather than of correction. Ask the first dozen people you meet:

"What's to be done about the Problem of the Aging Salesman?"

Most answers will be foolishly sentimental. The company should do this and the company should do that.

When a man grows too old to travel and sell he should be prepared to retire on accumulated funds or to earn his living at some less strenuous occupation. There comes a time when a smart chorus girl decides that maybe she wasn't born to dance forever, and she goes in for character parts.

Salesmen and management should face the facts. Each traveller has been fairly paid on his selling job or he should have forsaken it. Old age is his personal problem, to be met with planning and preparation. He must accept full responsibility for the future, depending neither upon charity of employers, death of rich relatives, the "social security" experiments of politicians, nor belief in the famous fallacy that the business world owes him a permanent selling job or a pension.

*Personalities* of salesmen can frequently be improved. For instance, take the case of

*Sloppy Steve.* A shabby "front" never wins favorable attention to a sales talk. An appearance of shiftlessness may rouse suspicion of shiftiness. Shoddy salesmen sell shoddy goods. The sloppy salesman never succeeds.

Sloppy dressing reflects sloppy thinking and living—which leads to sloppy selling. A sloppy salesman does a sloppy job for the house. But, since sloppiness is a habit born of ignorance, it can be cured. It is a salesman's costliest indulgence. Reform him and he'll win spectacular rewards. Salesmen respond to such admonitions as these:

1. Dress as expensively as your purse permits, always conservatively, never gaudily.
  2. Be as neat and painstaking in your business practice as you are about your clothes. Leave no room for mistakes and misunderstanding.
  3. Be more courteous, more cool, more thoughtful of others than the average man you meet.
  4. Keep records. Don't trust details of

business to memory. Be prompt in handling correspondence, be punctual in keeping appointments, be infallible in keeping promises and make none that you cannot surely keep.

*Thickheaded Theodore* is forever blundering into trouble. Of stupidity there are two kinds—that of the man who knows better if he will stop to think, and that of the man whose mind is known to be a little "slow." The first can help himself if he chooses. The second may be helped if one has the patience of Job and can teach him to.

teach him to. Talk less. To consider every statement. To memorize prices, terms, policies, or refer to written notes. To work slowly and with extra care. To accept criticism. Never to speak in jest, lest he fumble. Never to "pull a fast one," for he is likely to be proved a chump. Never to gossip. Always to emulate the ant and the clam.

Hard work in a measure replaces brilliance. Thoroughness partially offsets lack of dexterity. Honesty can



### **Thickheaded Theodore blunders**

win over cleverness. Sincerity may balance a thick head.

*Bullheaded Ben* breeds enmities toward house and self. Invariably, he is a pessimist. No matter what the problem, he insists it can't be solved—not your way. He always knows a better way. Ben tries to play reformer, writing long letters to the company president at night, pointing out weaknesses of the sales department, advertising department, order department and credit department.

Bullheaded Ben is undisciplined. He must be made to understand that a sales force cannot function without discipline. That some one must be boss. Some one must make decisions when opinions differ. Probably, he cannot be made to realize anything of the sort. And few such are salvaged.

## The Value of Trade Associations

THE importance of trade associations in modern industry is well brought out in two publications just issued by the Trade Association Department of the Chamber of Commerce of the United States of America. The first, "Development of Trade Associations," gives a brief history of the trade association movement in this country from the founding of the Chamber of Commerce of the State of New York, in 1768, down to the rapid growth of trade associations in the war decade and the 'twenties.

The activities of associations grew with the numbers. Open prices, codes of ethics, war service of industries, statistical activities, trade promotion, standardization, uniform cost accounting, trade practice conferences, arbitration, NRA and post-NRA activities are all briefly analyzed. In conclusion this pamphlet says:

The experience of the past 25 years has shown that the benefits which have accrued from cooperative effort through trade associations have been due, in part, to the flexibility, the voluntary character, and the freedom from special forms of government control of trade associations. It likewise indicates that business has a responsibility so to carry on its activities individually and collectively that the public interest will be protected and the general welfare will be promoted. By thorough analysis and careful appraisal of our experience, by prudence and sane judgment, by recognition of sound economic principles and by a growing sense of group consciousness and group conscience, cooperative effort, through trade associations, should be extended through the next quarter of a century to the benefit of industry and the general public.

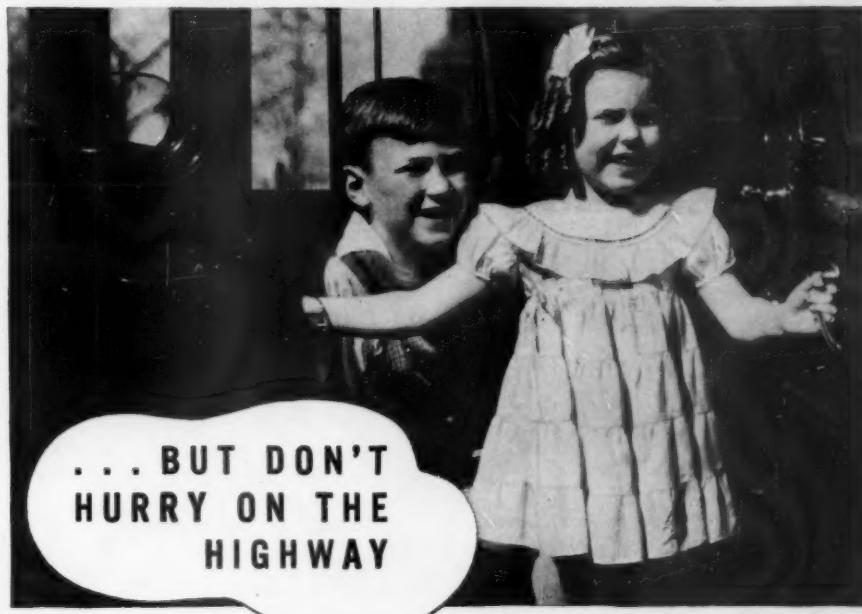
The further importance of statistical activities is treated at greater length in the second publication, "Use of Trade Association Statistics in Manufacturing." Such information is treated under three divisions: Production and Sales Statistics; Cost Statistics; and Price Statistics. The methods of presenting various types of statistical information and a number of the more important uses to which the members can put them are discussed under each heading.

Such figures are of undoubtedly value to the management of member industries in planning their own activities and, too, they are of great service to other related industries since many of the compilations are available to the public as well as members.

—W. L. H.

Single copies of these publications are available upon request.

# Hurry up Daddy!



That implicit trust in Daddy . . . what a great responsibility it involves! Not only to drive carefully when the children are with you, but to come home safely day after day and night after night as well.

Tragedy is only split seconds away on our streets and highways. But not for *you*—if you keep to speeds that give you time to see and act.

The little red arrow of the "NOT-OVER-50" Club on your speedometer will help you to remember that cardinal rule of driving—as it does more than 100,000 member-motorists. In town you'll find yourself automatically driving at safer speeds because you've slowed down from sane speeds on the highway. Join the "NOT-OVER-50" Club and play safe.

### *Send for The Free Safety Packet*

We organized and maintain the "NOT-OVER-50" Club as a contribution to the nation's safety and as part of our program to reduce automobile insurance costs. But you don't have to be insured with us to join.

If you would also like to make your careful driving pay you a dollars and cents return, ask how you may *save with safety* on your automobile insurance. Because we select only careful drivers and keep expenses low, we have always paid substantial dividends to our policyholders which reduce their insurance costs. When you insure with Lumbermens you insure at cost.

### LUMBERMENS MUTUAL CASUALTY COMPANY Division of Kemper Insurance

*Save with Safety in the "World's Greatest Automobile Mutual"*

HOME OFFICE: MUTUAL INSURANCE BLDG., CHICAGO, U. S. A.



"NOT-OVER-50" CLUB, 4750 Sheridan Road, Chicago, Illinois  
Please send me \_\_\_\_\_ safety packets described above. I understand that these insignia are free and that this places me under no obligation.  Also send me your booklet *How Careful Driving May Pay You a Dollars and Cents Return*. N.B.-7

Name \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_



Rear Window Insignia



Rear Window Insignia



Rear Window Insignia



Rear Window Insignia

Safe Driving Pledge

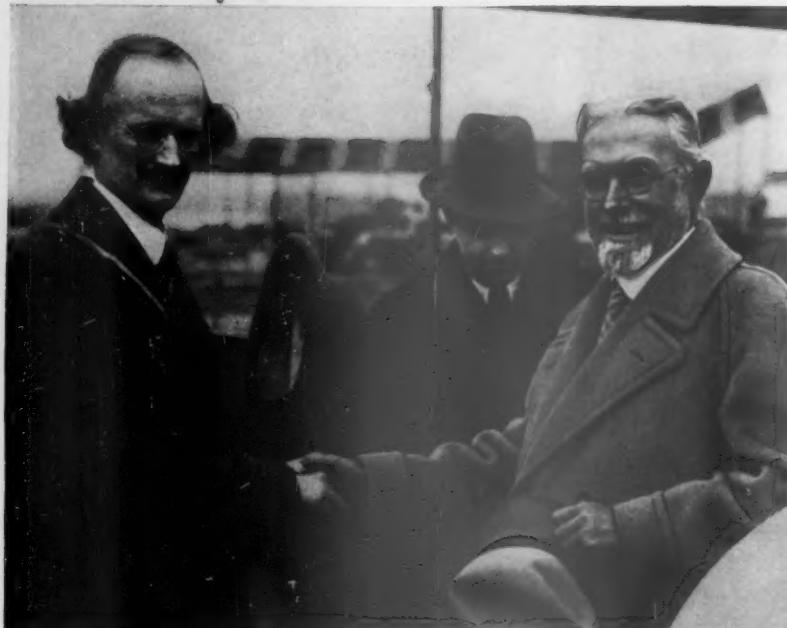
SAFETY EMBLEMS FREE

You do NOT have to be insured by Lumbermens to join the "NOT-OVER-50" Club, nor do you place yourself under any obligation. Fleet owners may have insignia for every car.



Join the  
NOT-OVER-50  
Club

## Business Men Say . . .



**HENRY L. DOHERTY**, President, Cities Service Company, right, with Auguste Picard

ACME

"Taxes continue to increase at an alarming rate. The total tax burdens on the property and business of the company and subsidiaries have increased 78 per cent in the past five years. . . To the wage earner, the growing tax bill is equally as important as it is to the investor."

"Gasoline taxes, including sales taxes, have increased to the point where it is now estimated that, on the average throughout the country, nearly one-third of the price paid by motorists is taxes."

COURTESY  
EASTERN  
UNDERWRITER



**Joseph C. Behan**



BACHRACH

**JAMES R. BANCROFT**  
President, American Institute of Finance

"Perhaps the best way to avert inflation would be to take away some powers the Government now has. . . It was all right, perhaps, at the bottom of the depression to restrict production to get rid of surpluses. But now we need longer hours and increased production. It has been hinted that the Government needs power directly to fix prices and wages. This should never be granted. . . Under the guise of improving the situation of the least fortunate individuals we are tending in a direction which will end in the destruction of personal individual rights, and the greatest sufferers will be the masses who now appear to be so strongly in favor of so-called direct democracy."



**ORVAL W. ADAMS**, First-Vice President  
American Bankers' Association

WIDE WORLD

"The restoration of private initiative and self-reliance will result in throwing away the precarious economic crutches of false security and will permit men to enjoy the thrill of moving and functioning under their own power. . . Fear of violent fluctuations in money values will take flight upon approach of a balanced budget and cessation of inflation of credit through government borrowing."

**JOSEPH C. BEHAN**, Vice-President  
Massachusetts Mutual Life Insurance Company

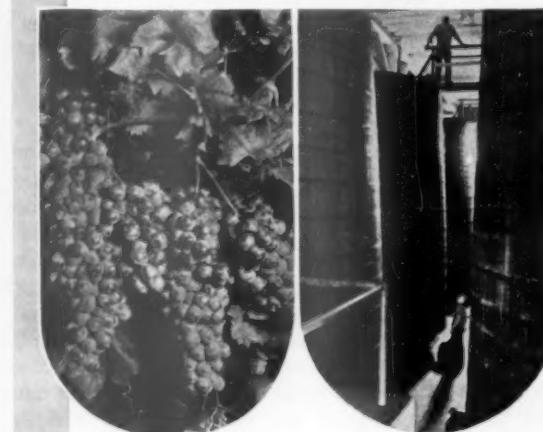
"The \$18,000,000,000 reserve of life insurance companies was a greater stabilizing factor during the depression than the W.P.A. and all other government agencies during that period. In 1936 18,000 policyholders died and the companies paid out \$54,000,000 to their beneficiaries. Life insurance continues to be the most stabilizing force in the United States today. It has kept the country in good condition."



The world's largest single vineyard, covering 5,000 acres, is in California, and served by the Santa Fe



Raisins are sweet, juicy, thin-skinned grapes, dried in the sun. California produces 95% of all raisins eaten in America



From more than 40,000 grape ranches, California produces 90% of all the commercial grapes grown in the United States. Her raisins and wines, her table and juice grapes, are known from coast to coast. Of the latter alone, tender and perishable, Santa Fe's Refrigerator Department speeds more than 10,000 carloads on their eastward way each year. Santa Fe experts have participated in the patient experimentation that has made it possible to place California grapes on the tables of America.

## VITIS VINIFERA 2,000,000 Tons a Year for Our Tables

When next you nibble raisins, serve table grapes, sip a domestic wine—give a thought to California; to mysterious, prolific Asia • For the chances are nine in ten that these delicacies are born of California vineyards; that the vines themselves stem back to a single wild species, the Vitis Vinifera of southwestern Asia • The Vitis Vinifera takes kindly to California. From the Mexican border to far away Shasta County, 700 miles to the north, sweep its vineyards. They flourish on irrigated land near or below sea level; on non-irrigated slopes and foothills rising above 4,000 feet; on mountain, desert and coastal plain; in the warm and sunny interior valleys • From July through October, careful hands pluck millions of bunches of luscious table grapes • In the interior valleys, between the vines, hundreds of thousands of tons of white, tender-skinned, sugar-rich grapes are spread on trays, in the hot, continuous sun, to cure into raisins • From other vineyards still, result of countless experiments in the effect of varied soil and climate on color, flavor, sweetness and acidity, come "juice" grapes destined for the concoction of light beverages, and that supreme test of grape-growing—wine • Nearly 2,000,000 tons of California grapes annually are served fresh on America's tables, cured into raisins, crushed for fine wines and beverages • Santa Fe tank and refrigerator cars play a vital part in the swift, sure movement of these delicious products of the vine.

Movement of choice table grapes for long distances involves exacting refrigeration, careful handling  
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## REMEMBER WHEN YOU WORRIED BECAUSE "BUDDY" NEEDED SHOES?



● Not so long ago perhaps—if you'll think back. But things with you are different now—you've made the grade.

But it isn't that way with millions, who today are right where you were a few years back. And it's not because they aren't good managers. They're wizards at finance—many of them. Visit their homes for a close-up. You'll see children well fed—sent to school warmly, neatly dressed. You'll see plain but comfortable homes.

But back of all that—there is the constant fear that just one misfortune may sink them into debt. True—industry is striving to reduce this nip-and-tuck battle for existence. But when a man finds himself buried in debt he could not foresee—he needs first of all a loan to relieve the pressure. Second he needs helpful advice in money management.

### Counsel in money management

To just such families as these—Household Finance offers a complete home money management plan. Where a loan is warranted, Household makes it. But Household educational service is available to any family whether borrowers or not.

Many executives—interesting themselves in these vital problems—have written for booklets on our money management plan. It will interest *you* to know what Household does to help families out of financial distress. Mail the coupon for copies.

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## Two of the "Selfless Six"

(Continued from page 26)  
moquoddy tide-harnessing project unless the Republican Congressman voted for the "death sentence."

Nor did Ben manage to keep entirely out of the news. His presence at an executive session of the conference committee of the House and Senate which was trying to reach a compromise caused Representative Huddleston to terminate the session by walking out when Senator Wheeler insisted that Ben remain.

But for the most part both members of the firm came out of the fight none the worse for wear. Ben continued to attend the executive sessions until his presence was no longer required. In the report on its investigation of Mr. Brewster's charges the Rules Committee gave both a gentle slap on the wrist. Had the charges been tried in a court of law, Tom might have won hands down. In the court of politics he got a draw. And in the court of public opinion he probably came out on top. In any event, the public and press permitted both to resume their anonymity. Were it not for Senator Wheeler's recent linking of their names to the President's court proposal as a part of his campaign against it, they might still be living in the shadows.

Probably no more striking contrast in physical appearance can be found in official Washington than the team of Corcoran & Cohen offers. Stocky and buoyant with the shoulders of a halfback, Corcoran, at 36, presents a picture of affability on all occasions. His black wavy hair is streaked with gray. A belligerent jaw, twinkling blue eyes and ready wit combined with his ability at the piano or accordion caused one White House guest to set Tom down as a "professional Irishman." He changed his mind later after talking with him.

Tom was at his best during his testimony before the House investigating committee on the bribery charge. With the forthrightness of a small boy unjustly accused by a harsh parent, Tom told his version of the rendezvous in the Capitol's Statuary Hall without a break. He had not threatened Mr. Brewster at all. He had merely told him that unless he made good his promise to vote for the death sentence, he (Tom) would have to see to it that the Representative did not profit politically from the Passamaquoddy project. When he had concluded, Ferdinand Pecora of the New York Supreme Court patted him on the back saying:

"Tom, it was marvelous."

Credited by a former teacher, Harold Moulton of the Brookings Institution, with the most brilliant mind ever to grace the campus of the University of Chicago, Ben Cohen stands or sits in a perpetual slouch. Bespectacled and with thinning black hair he is tall enough in his drooping stance to look down when talking to most men. At 42, he is modest to the point of shyness and cannot understand why newspaper men seek to engage him in conversation for a possible hint of what the Administration may contemplate on the subject of electric power.

### Both can handle their jobs

BECAUSE Ben does not get around much socially and prefers solitude and because Tom does get around and is a stimulating conversationalist, the former is credited with being the library man for the latter's rôle of "front man." Friends say that both can do either job equally well.

Product of a New England textile town, Corcoran spent his undergraduate days at Brown University and went on to Harvard for law, remaining there at the suggestion of Felix Frankfurter for an extra year of study to obtain a doctorate in juridical science. With the idea of going into teaching, Tom worked for a year as Secretary to Justice Oliver Wendell Holmes but abandoned the idea when the venerable Justice one day said to him:

"My boy, don't play marbles for fun; play for keeps."

Determined to play for keeps, young Corcoran applied for a job with the New York law firm of John W. Davis and mentioned casually that he topped his class at Harvard in 1925, two years earlier. They didn't believe him and sent him away, only to send after him when they found it was true. But by that time Tom had located with the equally prominent New York firm of Cotton and Franklin.

There are conflicting versions of the story of how Tom finally landed a job with the latter firm. They are identical up to a point. The young man had won the approval of all firm members except Joseph Cotton, the senior partner, who, when Tom went in for an interview, said he had only one question to ask:

"How's your plumbing?" he asked.

"Brass pipe throughout," Tom replied, meaning to imply that he could take plenty of punishment and come in fresh the next morning. That is

supposed to be the authentic version among Tom's associates. The other version has Tom as replying:

"Solid brass throughout, sir."

Inasmuch as Tom was hired on the basis of his reply, both versions have won general acceptance among Washington lawyers.

It is a common but erroneous belief that Corcoran got into government through the influence of Felix Frankfurter. Although Professor Frankfurter called President Roosevelt's attention to the young lawyer in the RFC, Tom was actually an appointee of President Hoover. He was sitting at his desk looking out of the window one day back in 1932 when Eugene Meyer called George Franklin on the telephone asking for help in setting up the recently created RFC of which he had been named chairman.

Turning to Corcoran, Mr. Franklin asked who could be spared for the Washington assignment. After a moment's thought Tom replied he would take it himself. He has been in Washington ever since tackling one job after another.

Although he is credited with joint authorship of several important pieces of legislation, he considers his *magnum opus* the \$23,000,000 RFC loan to the Chicago school teachers which he managed as an account of the corporation. His experience with that project has made "Corcoran luck" a tradition among government counsel.

#### Luck and carefulness

ON CORCORAN'S shoulders fell the task of delivering \$23,000,000 in checks to Chicago municipal officials. To oblige the local politicians, Tom was instructed to deliver the checks in person. He did not know that the purpose of his mission was to be photographed by the local newspapers handing over the checks to the authorities. For a day and a half Tom carried \$23,000,000 around under his shirt. On leaving the train, he put the checks back in his bags to be whisked off to the school board in a city limousine and flanked by officials.

There was one stop en route for the paying of respects and picture-taking. Tom reached for his bags as officials protested they would be safe inside the locked car. Tom agreed but not until he had put the \$23,000,000 back in his shirt. He knew he could stop payment on the drafts but he'd be hanged if he wanted to go down in history as the man who let \$23,000,000 slip through his fingers. Having paid the respects of the Administration, Tom went back to the waiting limousine to find the locks

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# PAINT

*A Rubber Plantation—In New Jersey*



An acre of rubber trees—five years—five hundred pounds of rubber.



An acre of "Thiokol"—five hours—two hundred tons of synthetic rubber.

For three hundred and fifty years after Columbus came upon South-American Indians playing with a heavy ball of vegetable gum, the world thought rubber was something to erase with—hence the name rubber. Then, in 1839, Goodyear accidentally dropped India-rubber mixed with sulphur on a hot stove, and discovered the principle of vulcanizing; made rubber the prime economic item it is today.

Another accident occurred in the early nineteen twenties. Dr. J. C. Patrick, lately South-American chemist for the meat packing Armour's, was trying to produce a cheap anti-freeze. He had mixed ethylene dichloride and sodium polysulfide and was placidly awaiting an expected new liquid. Instead, a gummy mass formed. It looked, felt, and acted like rubber. This was the beginning of Thiokol, commercial synthetic rubber—the first produced in the U. S.

Today, Yardville, New Jersey, is the home of "Thiokol." The Thiokol "plantation" is a modern and rapidly expanding plant protected and beautified, inside and out, with Sherwin-Williams Paints. The water tower is decorated with a Verdant Green background upon which rides the white "Thiokol" trademark. The exterior is coated with Sherwin-Williams Stucco and Concrete Paint; the interior metal work with S-W Kromik and Metalastic, as well as Sherwin-Williams Silverbrite; interior walls are receiving all the light reflecting benefits of S-W Save-Lite.

So "Thiokol," the pioneer of synthetic rubber, joins the bell-wethers of the natural rubber industry in using paints that withstand exceptionally rigorous processing conditions. Your plant and your product, regardless of your industry, can be helped by these paints. Write The Sherwin-Williams Company, Cleveland, Ohio and all principal cities.

**SHERWIN-  
WILLIAMS  
PAINTS**



## NATION'S BUSINESS for July, 1937

tampered with and the bags gone. To hush the thing up Tom was paid par for bags and contents. He evaded photographers with the explanation that it was against the counterfeiting laws to make pictures of government drafts.

As another example of "Corcoran luck" the Brewster incident in Statuary Hall is cited. It happened that the Maine Representative was accompanied by Ernest Gruening, Director of the Division of Territories and Island Possessions of the Interior Department. Dr. Gruening had been doing some missionary work of his own on behalf of the death sentence and was a witness to the entire Corcoran-Brewster conversation. Before the investigating committee he completely confirmed Tom's version of the "threat."

### The administration of laws

ON THE side, Tom Corcoran has been active in bringing promising young lawyers into government service. He is almost fanatical in his belief that laws are worthless without proper administration. In building up young men to administrative capacity, he has become known as the Frankfurter of official Washington. The Harvard law professor served every President since Wilson in that capacity. Corcoran is doing the same thing in a small way. In this line of endeavor, he has acquired the reputation of a man who has a lot of mortgages out and who does not hesitate to call them. The inference is that when Corcoran puts a man in a job he demands loyalty and performance at all costs.

If Corcoran & Cohen differ temperamentally, their background is no less dissimilar. Hailing from Muncie, Ind., Ben, too, went on to Harvard for his law after a thorough grounding in economics at Chicago. Like Corcoran, he stayed on for a degree of Doctor of Juridical Science. After that he worked for a year under Judge Julian Mack, who is credited with knowing more about the laws of receivership than anyone in New York. That was in 1917. The next year—or nearly a decade before Corcoran went to work for Justice Holmes—he came to Washington as an assistant to the counsel of the United States Shipping Board.

Being then in only his twenty-first year, Cohen had acquired the reputation of "boy prodigy," a dislike for which he retains to this day. In 1920 and 1921 Cohen was working in Paris and London as counsel to the American Zionist Delegation then negotiating the terms of the Palestine mandate. Back in the United States again, he decided to make some

money and did. Setting up for himself in an office with Walter Meyer, brother of Eugene, he began a general practice in the law, making profitable use of the technicalities of receivership and reorganization learned under Judge Mack.

Ben worked at his law for ten years and played the market "for keeps." Friends say he made a tidy sum on stocks and got out in time. With Tom it was different. He was carried along on a rising market by the people for whom he worked as counsel and at one time was worth plenty on paper. But he was also carried along by the same people when the market dropped. He did as they did and ended about even.

But, from some of the stories that once circulated, one would think he had lost an inherited fortune.

According to some accounts, he was driven out of his mind by his losses and attempted suicide by jumping from his Wall Street office, his life being spared by the alertness of an associate who grabbed his coat-tail in the nick of time. Another story has it that he was driven to the same distraction when the same heavy losses forced him to part with his watch. When it became known that he had worked on the Securities Act, it was bruited about that he was only trying to get back at those responsible for his market losses.

Attempts to run down all such stories lead up the same blind alley and only bring down ridicule upon the credulous inquirer. Whatever happened, Tom Corcoran does not look like a man who would attempt suicide. He gets too much fun out of life. Which of the two works harder is a question their friends constantly debate. When Tom begins to feel all in, he takes some sugar and goes on with his work. When Ben can't take it any longer, he steals off to the movies for a nap because he says he finds quiet in the film houses.

Neither Corcoran nor Cohen are economic planners in the sense that Moley and Tugwell were. Neither believes it possible to concoct an economic theory for eliminating booms and depressions that can be applied universally. To them, such attempts overlook the human equation. Without figuring that in, the most finely drawn economic plans are not worth a hoot. Both believe firmly that, after abusive practices have been outlawed, the most that business and Government can do is to supply themselves with the "man power" to meet economic disturbances as they arise.

Both men had made money in the business of combining scattered industrial enterprises to serve as a basis for new stock flotations. Both had seen the control of such enter-

prises pass by this process into the hands of those not directly engaged in their operation. When President Roosevelt found out about them, he put them to work. They were "naturals" in the job of preventing such combinations in the future.

Ever since they went to work for Mr. Roosevelt, Corcoran & Cohen have been too busy on specific jobs he gave them or on new ideas for his attention to indulge in economic or social theory. If Tom managed the \$23,000,000 loan to the Chicago school teachers, Ben worked out the legal end of the \$77,000,000 loan by the W.P.A. for electrification of the Pennsylvania Railroad between New York and Washington.

They parted company with Rex Tugwell early in the administration, however, on the latter's theory that continuity in industry could only be achieved and depressions avoided by building up vast aggregations of productive power and then "harnessing" them, as he used to say, with federal controls. Dr. Tugwell was firmly convinced that his theory was valid, probably still is. But he couldn't sell it to the President. And some think the Corcoran & Cohen combination may have been responsible.

#### Too much economic power

THAT was back in the days of the little red house in Georgetown where the young and vigorous New Dealers used to foregather nightly to roll up their sleeves and make the world over. Tom Corcoran used to tell them then that, by the time Tugwell's vast aggregations of productive power had been welded into a relatively few monopolies, the resulting concentration of economic power would be too great for the political power of Government to control. Beyond that, corporate bigness of the kind Tugwell had in mind made for corporate inflexibility of a type that would collapse under the sudden impact of depression forces.

If Ben Cohen gave much thought to such talk in those days, he kept his opinions to himself as he has continued to do ever since. Tom Corcoran used to talk about such things but you would never find out about it from him. We have only the testimony of intimates of both men that they have seen eye-to-eye on every piece of economic legislation they have tackled. If ever two young men in public service possessed that "passion" for anonymity which the reorganization committee would require of those who would be super-secretaries to the President, it is these two brilliant young lawyers.

They seem destined by nature to become two of the "Selfless Six."



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## Leaders in the March of Business

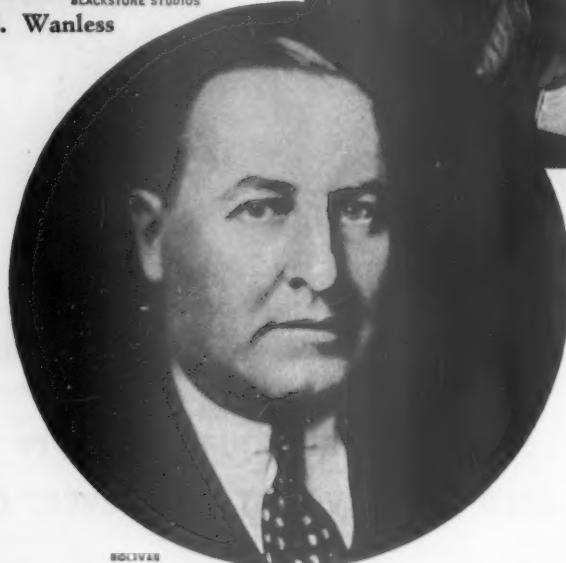


BLACKSTONE STUDIOS

Charles S. Wanless



John A. MacReady and E. G. Biechler



SOCIVAR

Samuel B. Robertson



HARRIS & ERING

Duncan J. Kerr



Above: Walter W. Templin  
Right: Henry Eckhardt



BEN PINCHOT

**C**CHARLES S. WANLESS, Springfield, Ill., president of the new Home Builders Guild, which will admit to membership only those applicants among builders who agree that they will "build and sell homes of only the best material and workmanship consistent with their price classification."

E. G. Biechler, general manager of Frigidaire, whose company is building a \$4,000,000 addition to its plant in Moraine City, Ohio. Since the first plant was built in 1920 number of employees has grown from 20 to 13,000 with 80 per cent unaffected by seasonal unemployment. Mr. Biechler announced entrance of his company into general appliance field with production of electric ranges and washers.

S. B. Robertson, 59, new president, B. F. Goodrich Company. Joined company in 1919 after 20 years' service as a railroad official. Opening of company's plant at Cadillac, Mich., marks beginning of operations at second new plant this year.

Duncan J. Kerr, 53, succeeds Edward E. Loomis as president of Lehigh Valley Railroad Company. A native of Scotland, Mr. Kerr came to this country in 1904 and entered railway service as a rodman. Served with several western roads before coming to Lehigh in 1936.

Henry Eckhardt and Walter W. Templin, advertising impresarios. Mr. Eckhardt is new chairman of American Association of Advertising Agencies. Organized firm of Kenyon & Eckhardt, Inc.—now among 20 largest in volume. Mr. Templin, formerly of Pepsodent, is new president of J. Stirling Getchell, Inc., a comparatively new company noted for its growth during depression years.

## The Qualities Executives Need

(Continued from page 28) consider the case of a fatigued supervisor or executive. No one would honor, or at least respect, his decisions and commands if he were drunk. People would understand that he was not himself.

Yet, when he is not himself due to other but similar chemical changes in his make-up, as is true in fatigue, he can do incalculable damage to the dignity and the ego of his subordinates. Too often, overburdened executives breed mischief and havoc in labor relations because no standard of mental and physical condition determines if they are fit to go on the job. There is smoldering injustice and misery in many a worker group today wholly because the supervisor is struggling against impossible odds to be temperate and just in delegating and supervising the work that has to be done under him.

### Science can help management

WE KNOW, if we want to learn from the research men in the medical field, the infinite relationships of health to physical and mental environment. We can directly measure the effect of sound, the effect of light, the effect of air, the effect of diet, the effect of discipline, the effect of hope on human beings. What is more, the worker today is beginning to correlate, crudely perhaps, these contributions of science with his own working conditions and economic status.

The tragedy of our present-day economic life is that, from the lowest supervisor to the highest executive, this vast body of knowledge objectively gained for the good of man is too often neither objectively studied nor objectively applied. We face a race between the development of objective leadership in our organizations and the accumulation of unfortunate worker experience. The latter has a head start.

Labor experts have said that more than 80 per cent of all strikes, walk-outs and labor disturbances arise from stupid handling by the immediate supervisor. He is invariably a man from the ranks who is too often made responsible for the work of others because he had been outstanding in production on his former job. Unfortunately, the very qualities that gained him comparative success in the group make him completely unfit for leadership.

He is selfish, predatory, unfeeling, wholly without group sense. He

knows how to do the job but not how to teach it. He becomes "a stuffed shirt," arrogant, eager to please his immediate superior, and ruthless in achieving the goal of his own advantage. His standards were set on a material basis and, by hook or crook, he will get ahead by getting the work out, cost what it may, in an area of human relationships for which he has never been prepared.

Often a decent, fine management wakes up one day to the scandal and misery of a strike, because no channel had ever been established by which the least among the group could carry grievances in material and mental working conditions brought about by this type of supervisor.

In the vast corporate set-up today there is a tragic need for the professionalization of the executive that he may think in broad economic and social terms. That the modern executive should and can think in broad terms will not be denied.

One day a person will not be employed to supervise the work of others unless he be broadly cultured and, through self-discipline and specific training, intelligently curious. He will have human understanding, be objective, gentle, firm and certain in all of his human relationships, whether they be with individuals or with a group.

A few more of those things which should be at least in the ken of the new executive are: man's development, past and present; man's own physiological processes; the essence of heredity and variation, including, of course, its applications to human progress; the adaptive and amazing self-regulative capacities of living organisms; the contribution of physics to the development of civilization; the growing success of synthetic methods in chemistry with its effects on social sciences, government, agriculture, and on man's happiness.

No training in analytical thinking or in honesty and soundness of judgment is comparable to the training provided by the sciences of chemistry, physics, biology, or other allied fields where men without thought of material gain hunt for truth and record it as they find it.

We are having labor unrest and strikes, and will have more. Working men and women are rebelling against conditions—not always economic but conditions involving dignity, which they know do not have to be. This is largely the result of emotional reaction to the findings of

objective-minded men of science who have been constantly studying the problems of health and fatigue in industry, the social losses and business losses in wretched housing, conservation of natural resources and foods. This study has created knowledge that is being dimly correlated with democracy, with the happiness of man, and with the necessity of maintaining a long-haul profitable business society.

Let the modern executive climb a tree and scan society in terms of man's relationship to the business order. Let him realize that man does not ask to be born. His youth is spent in drab and diseased surroundings. He cannot work before the age of 16 or 18 and rarely can he find another job after 40. If he has a job, it is practically on an hour to hour basis.

### Worker's job is important

HE MAY marry. He may become increasingly a consumer. He lives on a piece of land cut up to sell, not to live on. He lives in a house built to sell, not to live in. He owns neither. He has no pride developed in land, home, or job. His possessions are too often obtained on part payment and he really does not own these. What is there to make him an individual of dignity and of growth, the basis of a wholesome society?

Has he a vested interest in his job which is the only thing in his animal existence that he must keep? All of this is highly unprofitable if we extend bookkeeping a few pages beyond the average ledger. Our productive capacity depends upon consumption and our workers want the capacity to consume. These are not times for force, but for dispassionate understanding, for planning in order that the individual may continue to be free to choose for himself. These are fundamentals in democracy, where man as an individual has grown more, has more courage and hope than under any system of philosophy in the known history of man.

We come to the simple and inspiring conclusion that the least among us is worthy of the question "why?" that we will fail if we become subjective and use force, that we must work in a temperate, effective, devoted and objective manner, that we must never blame but teach, and that it is possible to create a community of decency without use of the fear technique.

Finally, I should like to outline a

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**VIRGINIA  
SEASHORE**

Is it swimming you want... sparkling sand and racing surf... ocean breezes sweeping over long cool breakers? Aqua-planing, boating, fishing? They all are a part of Virginia's Seashore playground.

Or golf, perhaps? Rolling fairways, well-trapped greens, inlets, tides and sea breezes lend challenging new barriers.

A game of tennis? Championship courts await you.

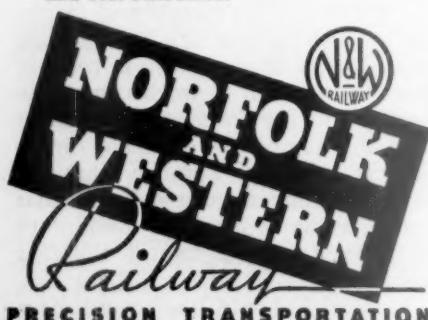
Horseback riding? Thoroughbred mounts will show you the way through shaded pine woods, by towering sand dunes, to the hard-packed beach along the water's edge.

Music and dancing... Beach clubs and seaside pavilions.

Comfortable inns where the tariff is reasonable, homey cottages for privacy and rest, exclusive resort hotels—and luscious sea food fresh from the ocean.

The fun has started! Come on!

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few of the necessary steps for modern executives as they face today's problem. These do not cover the subject by any means but they give a clue to the thought necessary in industry, in fact in any organization where human values poorly handled will cause waste, loss and stoppage of progress.

These are simple steps:

1. The training of every person responsible for the work of others in the technique of handling people. This training involves self-knowledge, knowledge of individuals, of groups and the techniques of gathering and sharing the philosophy of management in every organization. Naturally this involves a re-schooling on the part of many managements in current practice and in available knowledge, as well as a clear definition of the purpose of the organization in broadest terms.

2. The close examination of all physical working conditions, that the worker may be as free as possible physically and emotionally to do his or her job. This includes environment from washroom to lunchroom, from lighting and ventilation through sound posture and safety devices to hospitals and employee insurances.

3. The establishment of a sense of belonging to the group as a whole on the part of the individual, that dignity may

be the defense against emotional ignorance.

4. The elimination of paternalism in employee relations as fast as management can acquire broad human understanding and objective knowledge, involving the democratic principle of the value of released personalities.

5. Above all, the marriage of the sciences with business management as far as the great body of unapplied knowledge of human beings is concerned. The one needs the other. So far business has taken the products of chemical and physical research with great success in the economic growth of industry but has too shockingly neglected the findings and help available in dealing with the men and women who make production possible.

It has been said that the capacity to adapt is the sign of normality. The business leader today must learn the scientific basis of the forces at work, adapt this knowledge to the situations at hand and become objective, peaceful personalities like the men of science. He must search for the truth and use the power of well-rounded, well-correlated knowledge. Society will reward these men in terms of money and prestige to a far greater extent perhaps than it rewards them today for their current techniques.

## Justice Van Devanter Speaks

(Continued from page 18)  
have to be five to four decisions."

The Justice smiled:

"Men disagree, of course. Congress often passes an act by one vote."

"Yes, but do you think it fair, after Congress passes an act overwhelmingly, for the Court to overturn it by a five to four decision?"

He replied:

That is for the American people to determine, and there is a way for them to change it. But what I think you do not understand is that the Court does not "overturn" an act of Congress as you put it. What happens is that a citizen comes before the Court with the complaint that a fellow citizen or a government official is trying to do something to him which is not permitted by the Constitution of the United States. Then it is for the Court to determine whether his complaint is justified. The Court is intended as a protection against the citizen being imposed upon, either by the legislative body or by a fellow citizen who claims to be acting under a law of the legislative body.

I first met Justice Van Devanter a year ago. There was a rumor in political circles that he had returned benefit payments from the processing tax to the Government after the Court had invalidated the Agricultural Adjustment Act. I called him on the telephone and asked if it were true.

"Yes," he replied instantly and then told me the story. The payments,

totalling less than \$100 had been made on a small plot of land bequeathed to him by his wife. When the Court held the act to be unconstitutional, with his vote, he returned the payments. Yet critics sought to annoy him by repeatedly referring to the episode and twisting it around. Critics also sought to harass him with his experience while hunting in nearby Virginia. A warden came upon him and demanded his license. The Justice explained he did not know that he was supposed to have one, but that he would get one immediately.

For weeks afterwards some people were demanding that he be punished "just like the rest of us."

But he never showed that these incidents annoyed him in the slightest. Instead, I found him inspirational, with the quiet philosophy of a man who has seen the American people indulge in many an emotional spree and then settle down to continue the inevitable march to a greater material life. In his presence I felt as if I were safe from the blood and thunder of the daily headlines, from the industrial strife over here and the slaughter over there—from the diatribes of the political forum, from the prejudices which men incur in their daily bargainings, from all unwarranted optimism and pessimism.

The man I was visiting caught step

with America at its halfway mark, so to speak, and has marched with it the rest of the way. Of that first half he has a rich knowledge because he is essentially a man of books. But he does not depend solely upon books for his knowledge of the latter half. He has lived with it. It is a part of him and he is a part of it.

### We have had crises before

THAT was a crisis in 1861-65. The business men of that day were given considerable pause. Then came the days of reconstruction, the remaking, or rather the rebuilding, of a country. These were the days in which the Justice grew up, days when men were struggling in this country as they had never struggled before. Movements, radical movements—there were plenty of them. From '65 on down to the turning of the century there was a gorgeous procession of them. The Knights of Labor, the Greenback Movement, Populism. And in the end, or rather, out of all of it grew "imperialism." America ran the gamut of her emotions and then went to the other extreme.

It all was a living, moving panorama to Justice Van Devanter.

It is perhaps ironic that the way for his appointment to the Supreme Court was paved by the mightiest "liberal" of his day, for it was Theodore Roosevelt who named him in 1903 to the Circuit Court of Appeals, from which he was elevated seven years later by President Taft.

Born in Marion, Ind., he practiced law there until he was 25. Then the great vista of opportunity in the West beckoned to him. He went to Cheyenne, Wyo., where life was really being served in the raw. If the Justice had had no definite ideas about rules then he must have become convinced as he saw life unfolded on the plains, as he saw the deportment of men struggling in the primitive way.

At 30 he was named by President Harrison to be chief justice of the Wyoming Territorial Supreme Court. Then he was elected to the office upon Wyoming's admission to statehood. After two years he resigned to resume his law practice. In 1897, President McKinley named him as assistant to the Attorney General and assigned him to the Interior Department.

His steadfastness is based upon the whole picture of this country, of the whole procession of young men ambitiously pressing their ideas as if they were new.

A man who has heard so often that his ears must ache: "Oh, the country is going to hell," naturally doesn't think so. The prophets of doom have shouted "wolf" too many times for the warning to frighten him now.

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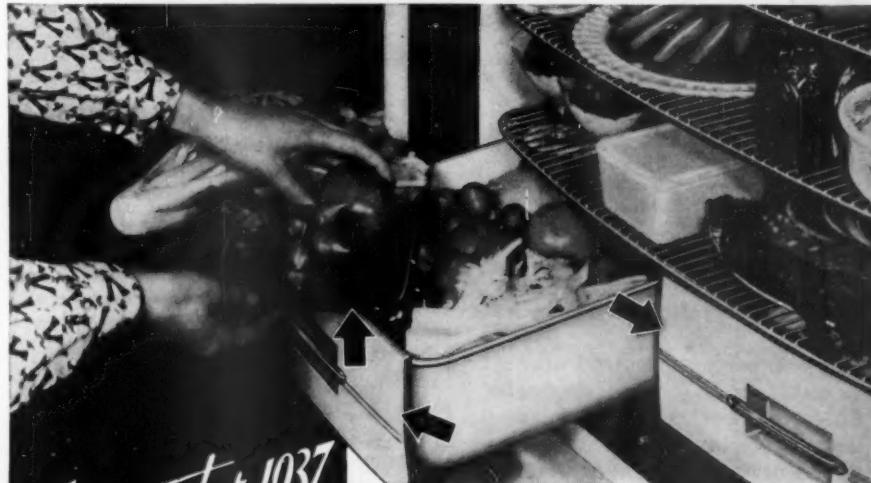
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## Communism Runs a Store

(Continued from page 68)  
calculations, for example, on what the manufacturing costs of a shirt will be.

*Narcomvnutorg* decides whether this price is fair, and debates the matter with the factory heads until the price is finally determined.

This done, *Narcomvnutorg* figures the complete operating and selling costs for the stores, adds sufficient markup to net a small profit, and publishes these prices as standard for all stores.

The price lists are entitled:

"Retail Price List for Department Stores in Men's and Women's Knitted Goods" or whatever the classification happens to be.

A number of typewritten pages follow, listing the serial number (of merchandise), description, article number, size, term of measurement and price.

Each of these specifications is duplicated on the price ticket of the merchandise.

Every department in the store has its own price list. They are reissued as often as necessary. Small changes are entered on the original list, the old prices being crossed out. A list normally lasts, in an apparel or accessories department, about six months. Then a new one is issued.

### Prices are fixed

MERCHANDISE arrives in the store with a retail price already marked on it. Department managers have no power to change prices except by orders, in writing, from the Price Fixing Department.

If the merchandise delivered by a factory is not up to the store's specifications, the *Glavnia* sends a commissar to place a proper evaluation upon it. Should he decide it is below grade, a new price is set, and the markdown is charged against the factory. If the factory disagrees with the verdict, it is entitled to send a representative. Should store and factory still fail to agree, the case is carried to *Narcomvnutorg*. The last court of appeal is the Soviet Control Commission. Its decision is final.

When a manufacturer fails to deliver the goods, the store is entitled to three per cent to five per cent of the cost of the undelivered merchandise.

After a contract has been placed, sometimes a factory finds its costs too high. It may then appeal to *Narcomvnutorg* to alter the contract price. This *Narcomvnutorg* may or may not do.

If the store loses money, it cannot change the published price by so

much as a kopek. *Narcomvnutorg* will try to find the reason for the loss. Failing to find it, they assist the store by giving it the merchandise it needs to counterbalance the loss.

All merchandise is paid for within 48 hours in cash, or "funds transfer"—an operation comparable to writing a check.

Stores cannot fail in the U.S.S.R. The *Piatiletka*, or Five Year Plan, will not permit it. Figured beforehand is the last detail of each department's operation for the year.

A typical set of operating figures established for Universal Stores in the Moscow area is as follows:

	Gross Profit	Expenses	Net Profit
Textiles, ready to wear, shoes	4.86	3.77	1.09
Furnishings, knitted wear, perfume	8.8	7.5	1.3
Culture articles	14.09	8.76	5.33
Kitchenware, hardware	14.21	7.13	7.08

The *Narcomvnutorg* Financial Committee carefully watches stores to insure the Plan being carried out. As in a factory, a loss attributable to uncontrollable forces will be balanced with a subsidy of the same amount. If the loss is due to inefficiency, changes will be made in personnel. When sabotage is the reason, the books are balanced with blood.

Because shortages of manufactured goods are the rule rather than the exception in Russia, few of the problems that face American merchants plague the stores of Russia. Their job is to discourage rather than encourage sales as much as possible. As shipments of merchandise arrive, the normal traffic in the store at the moment the merchandise is placed in stock is usually sufficient to absorb it.

### Disposing of unsold goods

OCCASIONALLY, however, merchandise is so wretched in quality or impossible in style that not even Russia's goods-hungry masses will buy it. After it has lain on the shelves a year or so, a commission, composed of a representative of *Narcomvnutorg*'s Inspection Department and the Department Director, appraises the goods, and either moves it from that store to another where sales possibilities are adjudged to be better or cuts the price.

The scenes enacted in a Russian department store are reminiscent of army cantonments during the war when equipment was being issued. Before a counter where rubber overshoes are sold, there are as many as 200 customers, waited on by two or three clerks. There is no place where the rubbers may be tried on. It takes

from an hour to three hours to make a purchase here.

At the glove counter, there are three saleswomen and 40 customers. Each customer may be shown three pairs of gloves. Then pressure from the rear either forces her to purchase or move on.

All over the store are lines of people—before the cashiers, at the counters, in front of the soda water stands that punctuate the aisles.

#### Displays are rare

ONLY where there is an overabundance of merchandise is an attempt made at display. Even then, the displays are of a political rather than a promotional nature. In the yarn department, for instance, the skeins are arranged in colored letters which spell out "XVIII Oktober"—18 years October, the Anniversary of the Revolution.

Hanging from the ceilings are huge posters showing comrades at work and at play, propaganda for the state rather than the store.

On an entire floor, there is but one selling sign, and that in the Electric Fixture Department. It reads:

Attention! Washing machine washes independently. No physical labor required. Washes clean. Does not ruin laundry. Washing lasts six hours and uses one ruble of current. Requires no personal attention. Store guarantees quality of its work. Central Department Store of Commissariat of Domestic Trade.

Except under salesperson's watchful eye, customers are never permitted to handle merchandise. Even in the men's clothing department, thick ropes bar off the cases of clothing.

The clerk allows one customer past the ropes at a time, never waiting on more customers than he can watch conveniently.

And yet, for all its "customer is always wrong" attitude, the Universal stores make money. In 1935, in the Moscow area, the stores netted a profit of almost 3,000,000 rubles over the Plan.

Net profit is subject to the disposition of the Commissar of Finance. Part of it he appropriates for education, social work and the general welfare.

Narcomnutororg also receives part of the profit from all industries and stores, and digs into its centralized funds for the money needed to pay for new stores and industries as needed.

The rest remains with the store management, to be spent for improvement of the plant, and other intramural expenses not covered by Narcomnutororg.

The Universal stores, however, are only one facet in Russia's retail dia-

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# Where Is Big Business?

IS big business in Wall Street? That's a popular notion, but anyone selling goods to the business market knows New York and all other great cities represent only a small part of the total sales possibilities.

Only 33% of all manufacturing establishments in the United States are in towns of half a million and up. Thirty per cent are in towns of less than ten thousand population. Thousands of big businesses are in such little towns as Brownville, Montour Falls and Fairfield. In these towns are also public utilities,

banks, retail stores—all the units that make up the business market.

Because the market is so big and so widespread, it takes power to sell it. High spot methods won't do, for if you restrict your selling by population groups, by capital ratings, by industrial character of states or counties, you miss large and profitable sections of your market. Nation's Business, alone, of all business publications, has enough circulation to cover both big cities and small towns—to give you adequate sales power where you need it.

**TOTAL AND AVERAGE CIRCULATION BY POPULATION GROUPS  
OF GENERAL BUSINESS MAGAZINES**

	Over 100,000	25,000 to 100,000	10,000 to 25,000	2,500 to 10,000	Under 2,500
<b>Number of cities.....</b>	93	283	606	2,183	13,433
<b>Nation's Business</b>					
circulation .....	97,510	41,135	34,261	48,270	59,249
Average subscribers per city .....	1,048	145	56	22	4.4
Circulation of next largest magazine ...	74,544	20,290	12,743	13,908	9,608
Average subscribers per city .....	802	72	21	6	0.7
Circulation of third largest magazine ...	48,895	16,356	10,173	10,618	7,002
Average subscribers per city .....	526	58	17	5	0.5
Circulation of fourth largest magazine...	34,772	15,163	10,336	11,223	7,984
Average subscribers per city .....	374	54	17	5	0.6

No other business magazine even approaches the penetration offered by Nation's Business into the business structure of all population groups.

(FIGURES BASED ON ISSUES OF NOVEMBER AND DECEMBER 1936)

## NATION'S BUSINESS • Washington

TOTAL NET PAID, A. B. C.—284,580

mond. And rough though the diamond may be in spots, there is no denying that occasionally it dazzles with flashes of incredible opulence.

On the *Gorkova*, for instance, Moscow's Fifth Avenue, is the world's most gorgeous grocery store, *Gastronome No. 1*. Imagine the ballroom of the Waldorf-Astoria in New York filled with expensive counters and piled high with delicacies from a Bronx delicatessen and you will have some idea of what *Gastronome* looks like.

#### Fine stores are exceptional

BUT *Gastronome*, magnificent as it is, is not the last word. That is uttered by a fish store on the same *Gorkova*, before which, believe it or not, there stands a doorman in livery.

Both *Gastronome* and the *Gorkova* fish store are exceptions to the current rule. Plans for the future, however, include flights of architectural fancy that put Fifth Avenue to shame. Like so many other phases of modern Russian civilization, retailing must take second place for the moment, until the heavy industries have had their day.

Some day the blueprints and water color sketches gathering dust in *Glavnia's* cubby-holes will be translated into steel, concrete and glass.

Then watch Russia's stores. True, like Moscow's brilliant new subway, the wheels of whose trains are flat, the glitter of the new Emporia may hide a clumsy, inept retail machine.

But after all, let the first American merchant who is innocent cast the first stone.

#### From a Business Man's Scratch Pad . . . No. 15



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## Prefabrication Tempts the Builder

(Continued from page 51)

ditions, wages and distance from points of fabrication. A three room house without garage costs \$3,500, a seven room \$11,000 and an 11-room model with garage, sun deck and complete domestic equipment, \$16,000.

One prefabricator states that a crew can assemble a home in one-quarter the time required to build a conventional house of similar size. Another estimates from four to six weeks, while another advises that the cost of labor on his product is about the same as the conventional type house.

Materials most generally used are concrete, wood, steel, copper, asbestos and gypsum, but the biggest boon to prefabrication has been the development of and improvement in plywood. The use of plywoods in construction has been negligible up to the present time because of the lack of a satisfactory waterproof adhesive. Casein and blood albumin were only partially successful. Consequently prejudices have arisen against the use of plywoods that may take years to overcome.

But with the development of phenolic resin adhesives the manufacture of a glue film was made possible which can be used to produce a thoroughly waterproofed plywood in which the joint between the layers is said to be stronger than the wood itself.

### Houses with steel frames

THE skeleton of a prefabricated home looks like a skyscraper in miniature. Steel joists and studs are bolted together. Ready-made wall panels slip snugly into place between the pieces of steel framework. Prefabricators claim that depreciation is not so hard on their homes because the materials, either all or in part, are fire, vermin, termite, moisture, rust and rot proof. The flexible steel framework, the steel frames for doors and windows minimize sagging, settling and warping. The steel skeleton is said to act as a lightning rod, will withstand hurricanes, even earthquakes. Some exteriors require no painting, others a once-over every five years, say the prefabricators.

Prefabrication is not new to cement and concrete people, who have been experimenting with it in one form or another for at least 20 years. However, just as the use of plywood was handicapped by the existence of an old prejudice, so has concrete suf-

ferred from a prejudice against the old rock face finish. Contractors believe that this bias can be overcome by the new plain wall texture which can be given any color desired by application of Portland Cement paint or by the use of colored aggregate. Another helpful development in the use of pre-cast concrete has been the comparatively recent discovery of a light-weight aggregate that permits easier handling of large slabs.

However, a ready-made house cannot be bought from a catalog and delivered ready to move in. The skeleton framework, outside shell, inside walls, flat roof, sub-floors, partitions, doors, windows, frames, stairs and ceiling are factory-made, but plumbing, heating and lighting are installed in the usual manner. Walls must be plastered or plasterboard applied, foundations dug and built, floors of rubber tile or hardwood laid over sub-floors, the exterior and interior painted and papered to suit the purchaser.

#### Problems of standardization

MANUFACTURERS are struggling with problems of standardization because upon their ability to make uniform parts depends a large part of the hoped for success of their industry. But prospects for new houses object to standard parts. They don't want all their houses to look alike or to bear any tell tale marks of a ready-made home.

Variety in construction is a sharp hurdle for the manufacturers to overcome.

At least one is attempting to solve the problem by manufacturing his parts so that the exteriors may be arranged in a variety of positions, but the interiors are all practically alike. He asserts that the interior is the most important part of a house and that when all the ingenuity possible has been used to construct a practical plan for that part of a home in which the family activities take place it should not be necessary to devise many variations. On the other hand, a variety of external designs does away with the prejudice against a colony of houses that all look alike and helps to eliminate the appearance of a ready-made job.

It now seems probable that the prefabricated house of the future will be a combination of various materials rather than a building constructed entirely of one substance. The pattern may be something like this—steel skeleton, concrete floors overlaid with rubber composition or factory-cut hardwood segments, plywood walls, asbestos roofing and finishing, when necessary, of lumber or structural board.

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## The Investment Trust Comes Through

*(Continued from page 21)*  
 unawares. The holdings of many trusts in special situations were so large that the managers were unable to liquidate them even if they desired. Most others in a position to liquidate did not do so.

Unbelievable as it may now seem, one newly organized trust had entered the market with \$60,000,000 in cash early in September, 1929! Another lost \$8,000,000 in the first three months of its operations. Still another suffered depreciation exceeding \$200,000,000 in three years, setting what is probably a world's record for losses.

Shocked by such losses, the public hastened to liquidate. This pressure of offerings at a time when there were few buyers resulted in a new market phenomenon, known as the discount from liquidating value. Investors who had been willing to pay twice liquidating value for an investment trust issue because of their high regard for the ability of the management, later held the same management in such low esteem that they were willing to sell their shares for 20 per cent to 40 per cent less than the market value of the assets underlying them.

In the meantime, certain doubtful practices in trust operation began to come to public notice. A report on investment trusts by the Attorney General to the Legislature of New York State said that, in four investment trusts alone, whose investments cost \$279,744,000, there were found \$203,000,000 of "dumped" securities; that is, securities in which the investment houses that managed the trusts had a sales profit, particularly those issues that were difficult to sell elsewhere.

The public discovered that trusts had overborrowed; that many had unsound capital structures; that funds had been used to develop new financing for investment banking houses; and that prominent directors whose names had lent dignity and conservatism to such companies had no real knowledge of their policies or operations. The public also came to realize that appreciation in values could not be counted on as regularly recurring

earnings. Terrific losses and the exposure of many weaknesses caused the public to turn definitely away from general management trusts.

### The rise of the fixed trust

MEANWHILE a new type of trust known as the fixed trust had been developing. From 1930 on, fixed trusts met with rapid public acceptance. The fixed trust seemed to answer many of the objections to management trusts. The securities held were definitely known. The entire portfolio consisted of stocks of leading corporations. Diversification was adequate. No substitutions could be made in the portfolio. No element of management, or chance of mismanagement, was involved. Stocks could be eliminated from the portfolio only according to a known automatic formula in the event that dividends were omitted. A trust company held underlying securities, and the shares of these trusts were self-liquidating. A holder could obtain the liquidating value of the assets underlying his shares at any time merely by turning in his certificates for liquidation.

All this sounded sensible to the investor who had had a sad experi-

ence in management trusts. The fixed trust protected him against bad judgment. His diversification was assured. The rigidity of the portfolio, although a debatable point, appealed to most investors whose experience with management was such that they felt no management at all was an ideal situation.

For all these reasons, the appeal of the fixed trust was strong. In meeting the demand for fixed trust securities, sponsors of such trusts showed great ingenuity in "packaging" the shares in various ways. Investors who feared an inflexible portfolio were offered trusts whose terms permitted substitution of one stock for another within the limits of a prescribed list of known issues. Other trusts provided for a discretionary elimination of weakening issues, but called for a return of such capital to investors, rather than reinvestment. For those who were seeking high income, special trusts were designed whose terms called for the distribution to shareholders of the proceeds arising from sale of all stock dividends, rights, and stock split-ups, thus returning to the investor in the form of income a part of his capital.

Those seeking appreciation in values were offered trusts which retained all non-cash distributions with an eye toward further enhancement in values. The specified life of various trusts ran from five to 99½ years to satisfy those seeking short-term as well as long-term holding. The variations were almost endless.

The sale of fixed trusts in 1930 and 1931 was greatly accelerated by the entrance into the market of a new class of buyers—those who believed that stock prices were then near their depression lows. The fixed trusts seemed to offer the small investor the best opportunity to "invest for recovery" and yet protect his limited funds by diversification. So strong was this appeal that trusts of the fixed type sold approximately \$650,000,000 of their shares, chiefly in 1930 and 1931.

The fixed trust movement was perhaps sound, but it was premature. General security values continued to decline. The "blue chip" se-



"Well, young man, you can tell th' government survey that it's none o' their damn business!"

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These hot days you can beat the heat and conquer thirst . . . just drop in at the nearest soda fountain. There you'll find the life and sparkle of ice-cold Coca-Cola always ready to refresh you.



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curities held in fixed trust portfolios fell with the general market. Meanwhile the prohibition of eliminations from the portfolios prevented the sale of holdings that obviously should have been sold. Trusts whose terms required compulsory sale of stocks after omission of dividends found that they were forced to sell after bad news was out and the stocks in question were at their lows.

Moreover, because so many stocks omitted dividends, such trusts were in danger of having to liquidate themselves out of existence.

Meanwhile disappointed investors exercised the privilege of redeeming their shares at liquidating value, and took back what was left of their money. Fixed trusts began to shrink rapidly and the sale of new shares was seriously handicapped because the stocks of management trusts were then selling in the open market for as little as 60 per cent of their liquidating values.

By the end of 1933, trusts of the fixed type, which had been extremely popular only two years before, were virtually unsalable. Sponsorship disappeared. Many fixed trusts were liquidated entirely. Others were absorbed by merger or exchange of shares. The number of trusts of this type shrank from 238 to 133. The second major step in the evolution of the American investment trust had ended.

### Combining good features

THE short-lived fixed trust movement made a number of important contributions to trust development. The fixed trust was essentially a sound trust instrument, except for its lack of the management element. The next step indicated was clearly a trust of some type that would retain many of the proven safeguards and restrictions of the fixed trust, yet provide shareholders with the benefit of management. Such trusts soon began to appear. They stressed the value of management, but placed definite limitations on its powers. No senior capital was tolerated. Borrowing was forbidden. Usually investments had to be chosen from a specified list of high-grade stocks, thus assuring real investment quality. Managers were compensated by stated fees, rather than by a percentage of profits which might tend to make them favor speculative commitments.

Adequate diversification was assured by provision that only a certain maximum percentage (usually five per cent) of total funds could be invested in any one security. Control of corporations was prohibited. Greater emphasis was placed on income, as against capital apprecia-

tion. Redemption of shares by the investor was retained.

Complete disclosure of all transactions and holdings as well as operating results was usually required in reports submitted to shareholders quarterly. All of these policies and restrictions were highly constructive. But experience was necessary to prove the need for them.

Trusts of this general type are true investment trusts. This was recognized in the Federal Revenue Act of 1936 which exempted from payment of the regular corporate and undistributed profits tax those companies defined as "mutual investment companies," provided they pay out not less than 90 per cent of their net income in dividends. To qualify as a "mutual investment company" under the revenue act, a trust, among other things, must not place more than five per cent of its funds in the securities of any one corporation, nor hold more than ten per cent of the outstanding stock of any enterprise. It must provide for redemption of shares at their approximate liquidating value at the option of the stockholder. It cannot trade stocks too actively because, if more than 30 per cent of its net gains in any year are derived from sale of stocks held less than six months, it fails to qualify.

The tax advantage given to companies of the mutual type under the 1936 Revenue Act has caused many investment trusts to revamp their set-ups and policies so that they may qualify as mutual investment companies under the law. A trust that does not qualify had to pay in 1936 a 15 per cent corporate tax on all income and a tax of from seven per cent to 27 per cent on undistributed earnings.

Latest development in the evolution of investment trusts is a new form of mutual type company which enables the investor to determine his own diversification by choosing for himself the particular industries in which his funds are to be invested. This is accomplished by the issuance of various series of stocks, each of which represents a diversified investment in a particular industry. Thus the investor who is doubtful of the prospects of the utilities can avoid them if he chooses. The function of the trust managers is to keep funds invested in the best available companies in the particular industries the investor chooses. Exchanges from one industry to another are permitted at any time at small cost.

This sort of trust set-up, based upon investment by industries, seems to offer a number of advantages. It is extremely flexible, and can be made to fit any investor's program. It provides the investor with expert re-

search and management in the choice of companies in any given industry.

Most important, it represents the first practicable attempt to provide the investor with sound investment management, without asking him to relinquish all discretion with respect to his property.

Furthermore, the policy of investment by industries seems sound, for financial records show a wide divergence in the performance of various industries, both in good times and bad. Between 1933 and 1935 one large industry reported an increase of more than 50 per cent in income, while another gained only four.

American investment trusts have passed through their first frenzy of speculation just as the British trusts did. They have learned their lesson. They have revised their structures and policies and are emerging today as conservative institutions. Investment trusts are here to stay. Properly conducted, they fulfill a definite need in providing a carefully managed program of equity investment for the average investor. Besides supplying research, management and diversification for the average investor, investment trusts relieve him of burdensome detail and secretarial work in connection with his investments. Moreover, the investment trust offers definite protection against multiplicity of inheritance taxes.

The process of self-purging will be supplemented by the passage of regulatory legislation which, if sound in its conception, will bring further protections and safeguards. Having sown the wild oats of its youth, the investment trust in America is settling down to respectable maturity. And judging by the recent revival of investor interest in trust shares, the public is becoming increasingly aware of the improvement.

## Long and Short Haul

BY THE narrow margin of seven votes, the member organizations of the Chamber of Commerce of the United States have refused to approve a committee proposal for repeal of the long-and-short-haul clause of the Interstate Commerce Act.

The vote, taken by means of a special referendum, was:

For the committee recommendation	1,069
Against the recommendation	549

A two-thirds majority is always necessary to commit the Chamber.

As is usual in the Chamber's procedure, the referendum pamphlet carried not only the committee report submitting its recommendations but also arguments in opposition.

## The Case Of The HANDCUFFED EXECUTIVE

*Ex-Secretary Furnishes Only Clue*



1 This is the story of a man who expected too much of his secretary. She knew his files. Could find papers, contracts, anything—like magic.



2 Then one day Miss Jones got married. And everybody was sorry to see her go. But the boss didn't know how sorry he was going to be.



3 He soon found out that his filing system was three-fourths Miss Jones and one-fourth system. Nobody could find anything anymore.



4 The boss was as good as handcuffed. He was fit to be tied. Then he had an idea. He called Miss Jones back and said:



5 "Take your old job back at twice the salary!" Miss Jones said "No, but I'll tell you something!"



6 "You don't have to lose papers. You can fix that in 20 minutes. Get in a Remington Rand man. He can make files pay a profit. He can fix them so anybody can find papers in a jiffy!"

● Possibly your filing system demands too much of your secretary. Why wait for a rude awakening? Call Remington Rand or clip the coupon. Find out 3 ways to reduce filing costs . . . practical, low cost ideas from Remington Rand's 44 years of experience.

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each with private  
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## Property as a Moral Asset

(Continued from page 31)  
today who never got over the fact that they tried to buy a certain property on a certain occasion and the man who had it would not sell. They could not understand that any more than Ahab, in the Old Testament, could understand Naboth.

You are aware of an almost righteous indignation in Ahab.

"I gave him his choice. I told him I would pay him more than a reasonable price, and if he didn't want that I would give him another vineyard, and the man wouldn't sell."

Naboth is the symbol of the simple-minded, natural man, to whom the possession of certain property is inextricably involved with the deepest sentiments and emotions of his character. He said:

"Part with this heritage of my fathers! Leave, unless I must, the place where a tree is still growing that my grandfather planted!"

What enormous pathos there is in the number of people that have been driven away from places to which they really belong. We plume ourselves in this ridiculous modern world of ours on being able to move around so rapidly and to get to so many places in a short time. What we need is to find a place where we will stay.

Whenever men are once set in places where they stay, it will be because they and things have entered into a holy alliance. Then a man is going to love a house, simple as it may be, with a few chairs and tables and a bit of grass and some trees around it, more than he can love the thought of piling up dollars in a bank account.

So we come to the end, which is simple and at the same time wonderful. I say the possession of property is obvious and yet it is mystical, too.

In a sense it is true that I own my books and yet in another sense I do not own them at all. I am merely holding them for a while, and the greatest content I have in thinking about them is that they are superior to my ownership; that they and not I are the masters of destiny as

far as earthly things are concerned.

I heard of a widow weeping pitifully when she looked at a desk which her husband had loved. She said, "How terrible it is to think that these mere things should still be here and that he is gone."

Sad enough, but if the man himself could have spoken I venture to believe that he would have said:

"But think how wonderful it is that these things created for beauty are not dependent upon our short lives or upon our possession of them; that they are still here; that, barring accidents of flood and flame, they go on."

Yes, there is a sense in which property is mystical, in which the things that I own I do not own and can never own. They are in my hands for a while. No matter how jealous I am of my power to call them mine, I must be utterly generous with respect to these things with anybody who can appreciate them. How rightly



Pity the man who owns a picture so rare that he cannot let others enjoy it with him

we pity the man who owns a book or a picture which he does not want other people to enjoy with him.

I pity people who own things so precious that they have to be kept in a bank vault to which they migrate now and then in brief and furtive expeditions to find out whether they are still there. I wonder at the possible

pleasure coming to a person who owns a necklace so handsome that it cannot be worn; which must be tucked away in some strange place while she wears a paste that is good enough to deceive even the elect.

If you have the true attitude toward property you think of it as being your own and yet in a wonderful sense not your own.

And in the large, magnificent sense the same feeling comes over us with regard to the best things that are ours, and instead of feeling grim and sore at the thought that we brought nothing into the world and can carry nothing out, we feel a vast satisfaction in the thought that so many of the things that have been made by the hands of men continue to be where they may give joy and enrichment to other lives.

That is part of what men mean when they talk about stewardship, though they manage to say it rather infrequently. We are in the world with things in our hands. Let us pray that we may never be found in the position of persons who merely have things on their hands.

## Defeating the High Cost of Living

(Continued from page 48)  
cents of the sales dollar. This leaves 83 cents for everything else. On this basis, a ten per cent increase in wages amounts to only 1.7 cents of the sales dollar. Instead of tacking this on to the price of the finished product, the thing to do is to squeeze it out of the 83 cents.

The particular methods by which this may be accomplished depend upon the nature and situation of the business in question. It may be done by cutting inventories, changing work schedules, altering design, switching materials, reducing sales expense, cutting general overhead, realigning executive personnel. Or it may be accomplished in some cases simply by the increase in volume which will result from holding prices down in the face of price increases by competitors.

In any event, no matter what the particular means, if we are to advance, employers must contrive to keep the prices of their products down and keep wages at fair levels. Only in this way may the countless thousands of workers who constitute the real buying power of this country continue to buy the non-essentials of existence upon which is founded the bulk of the business of the United States.



THEY'RE STINGY  
WITH THEIR  
GUARANTEE



We'll agree—putting a 5-year guarantee on an R & M fan is like guaranteeing the Sphinx for a mere century! Lloyd's wouldn't worry—neither do we. But five years is long enough to prove that any investment in an R & M fan is good for most lifetimes. The quality is there, way down deep. As for efficiency—just ask your dealer to show you the new R & M 12-inch oscillator. It's on a pedestal here, for that's where any 12-inch fan belongs that can deliver 1,100 cubic feet of air with no greater current consumption than is required by many 8-inch fans delivering less than one-third as much air. . . . Ask your dealer to show you this 12-inch R & M—\$25.00. Its 16-inch mate is \$32.00 . . .

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NEW JERSEY

## How Efficient is Congress?

(Continued from page 36) sentative John M. Costello of California. He is assisted by Ross Collins of Mississippi, D. Worth Clark of Idaho, Graham A. Barden of North Carolina, and J. Harold Flannery of Pennsylvania. The Republicans have six objectors: Clarence E. Hancock of New York, Charles A. Halleck of Indiana, James W. Mott of Oregon, Jesse P. Wolcott of Michigan, Donald H. MacLean of New Jersey, and Ralph E. Church of Illinois.

The House has four calendars. The private calendar includes private bills—such as an authorization to pay Gus Dimitropoulos \$5,000 because his wife was run over and killed by a CCC truck. The consent calendar contains bills eligible to be passed by unanimous consent. The consent bills also are listed on two other "dockets," the House and Union calendars.

Certain days are set apart for consideration of the private and consent calendars, and these days the objectors swing into action. When the clerk drones out: "H.R. 50327, a bill for the relief of Gus Dimitropoulos," one or more of the objectors may leap to his feet and shout:

"Mr. Speaker, I object."

One objection will block consideration of a private bill; two will send the bill back to the committee and kill it on that calendar. Three objections are required to strike a bill from the consent calendar.

On "calendar Wednesdays" the House considers the Union and House calendars. The roll of standing committees is called and a chairman may call up any bill his group has on either calendar.

Occasionally a bill will leap from the obscurity of the calendar into the

center of the spotlight. That is what happened this year to a bill by Representative Hatton W. Sumners of Texas to permit the retirement of Supreme Court justices at 70.

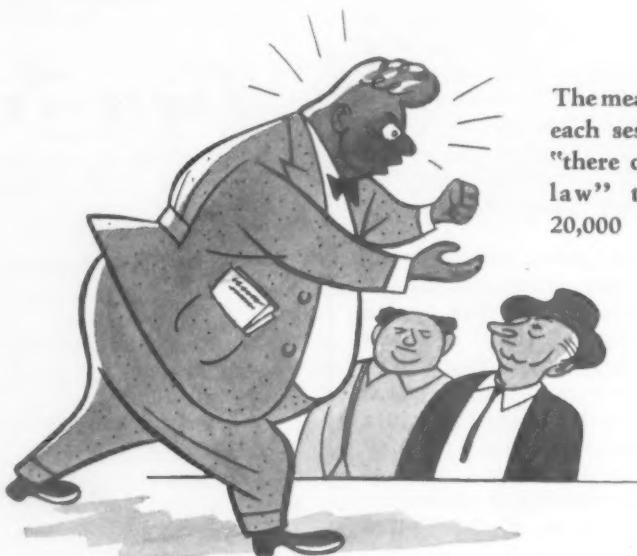
The bill had been on the calendar several sessions. Two years ago it was brought up in the House but failed to pass by a small margin without attracting much attention. But when, on February 5, President Roosevelt sent his court message to Congress he called attention to the bill as including part of his program.

Five days afterward the House held a "calendar Wednesday." Sumners, as judiciary chairman, called up his retirement bill. It passed.

The Senate has no official objectors and no rules committee. It has only one legislative calendar. Bills go directly from committee to the calendar and periodically the Senate considers them, often passing great batches in quick succession by unanimous consent. Majority Leader Joe T. Robinson and his aides determine what bills shall be considered.

The final process of congressional action is by conference between the two houses to bring the two versions of the same bill into complete harmony. Once both chambers have approved it in final form, the measure is formally engrossed and goes to the White House. The President has the ultimate check on unwanted bills.

Thus the efficiency of Congress depends on one's view of efficiency. Obviously it is not in the public interest for Congress to establish a record for passing bills that are introduced. Much more to the point is the precision with which it discards thousands of poorly conceived measures.



The measures offered each session because "there ought to be a law" total about 20,000

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